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EXTERNAL AFFAIRS AND DEFENCE

The Middle East

SECOND EGYPTIAN-ISRAELI DISENGAGEMENT AGREEMENT

In intensive negotiations during a two-week-long visit to the Middle East (21 August to 3 September), his third visit within seven months, the United States Secretary of State, Dr Henry Kissinger, secured the agreement of the Egyptian and Israeli Governments to a plan for the further disengagement of their forces in the Sinai Peninsula. At the same time the two countries agreed: to resolve 'the conflict between them and in the Middle East' by peaceful means and not by military force; not to resort to the threat or use of force or military blockade against each other; and to scrupulously observe the cease-fire and to refrain from all military or para-military actions against each other. Egypt also agreed to allow non-military cargoes going to or coming from Israel through the Suez Canal. The agreement, which is defined as 'a significant step towards a just and lasting peace' based on UN Security Council resolution 338 (see pp 441-4, 1973) and 'not a final peace agreement', will remain in force until superseded by a new agreement. It was formally signed by military representatives of the two countries in the military working group of the Middle East peace conference (see pp 58-9, 1974) in Geneva on 4 September, having previously been initialled in Jerusalem and Alexandria on 1 September.

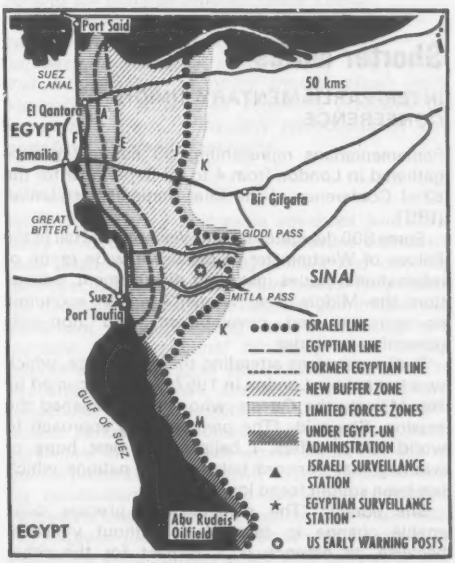
Disengagement

The disengagement plan (see map below) provides for an Israeli withdrawal (to line J), varying from 12 to 26 miles in depth and including most of the strategic Mitla and Giddi passes, and an Egyptian advance (from line A to line E) to occupy an area which, under the first disengagement agreement (see p 58, 1974), formed the United Nations buffer zone. Behind each front line there will be a zone (between lines F and E and lines J and K respectively) in which forces and armaments will be limited, while between them a new United Nations buffer zone will be set up in the area vacated by Israel. This will be occupied by the United Nations Emergency Force (UNEF – see p 443, 1973) whose mandate, the agreement states, will be extended annually. Within the buffer zone, in the vicinity of the Mitla and Giddi passes, each side will maintain one strategic early warning surveillance station. Subject to the approval of Congress, the United States is to supply some 200 civilian personnel to supervise the operation of these stations, and to man three tactical early warning watch stations and electronic sensor fields in the area. The agreement also provides for an Israeli withdrawal from the Abu Rudeis oilfields on the west coast of Sinai, and these, together with a coastal strip to the north linking up with the Suez Canal (west of line M), are to be placed under Egyptian civilian administration. Finally, the two parties are to set up a joint commission to resolve any problems which may arise out of the agreement and to assist the UNEF in the execution of its mandate.

Implementation of the agreement is to be completed within five months of the signature of a protocol containing detailed procedures for the disengagement, the preparation of which began in the joint military working party in Geneva on 9 September. The first phase will involve the return of the oilfields and their installations to Egypt.

Reactions to the Agreement

The conclusion of the agreement was hailed by the United States President, Mr Gerald Ford, as 'a great achievement', and both President Sadat of Egypt



Sketch map of the disengagement area, reproduced by permission of *The Times*.

and the Israeli Prime Minister, Mr Yitzhak Rabin, referred to it as a 'turning point' in the Arab-Israel conflict. At the same time, the Egyptian President stressed the need for continued movement towards a peace settlement, particularly through the conclusion of a similar agreement covering the Golan Heights. In Syria, however, the National Command of the ruling Ba'ath Party denounced the agreement as a threat to both the Palestinian cause and the Arab cause in general. Other criticism was expressed by the ruling Ba'ath Party in Iraq, and by various Palestinian leaders, including the chairman of the Palestine Liberation Organisation, Mr Yassir Arafat. In a speech on 4 September, President Sadat expressed dismay at such criticism, particularly Syria's, and blamed it on the 'devilish instigations' of the Soviet Union which was trying to break Arab solidarity.

Dr Kissinger, in a press conference on 9 September, stated that the agreement, if implemented properly, would open, or could open, a door to general peace in the Middle East. He believed that once the Arab nations and the Palestinians had looked closely at the agreement they would realise that, at the time, it was the only step possible towards peace that could have been taken, and that compared with the alternative of a stalemate, it was the best course for all the parties in the area.

British Statement

In a statement issued by the Foreign and Commonwealth Office on 2 September, the British Government warmly welcomed the agreement as a step towards a just and lasting settlement in the Middle East, and hoped that the momentum gained would be used to make further progress towards a comprehensive solution of the problems of the area.

Shorter Notes

INTER-PARLIAMENTARY UNION CONFERENCE

Parliamentarians representing 68 national groups gathered in London from 4 to 12 September for the 62nd Conference of the Inter-Parliamentary Union (IPU).

Some 800 delegates met in Westminster Hall in the Palace of Westminster to discuss a wide range of international issues including disarmament, education, the Middle East, women's rights, economic co-operation and development, and non-self-governing territories.

Parliamentarians attending the conference, which was last held in London in 1957, were welcomed by Her Majesty the Queen, who formally opened the session. She said: 'The parliamentary approach to world affairs offers, I believe, the best hope of winning that concord between the nations which has been sought for so long.'

She added: 'The parliamentary process does enable change to take place without violence, because its essence is a respect for the other person's point of view and a passionately-held belief in his right to express it.'

The Prime Minister, Mr Wilson, said that Britain was determined that the IPU should continue to grow not only in numbers but in stature and influence throughout the world. Conference delegates represented widely differing social and political systems, but were bound by a common purpose.

Referring to 'the difficult issues and challenges of our times', the Prime Minister said that Governments alone could not achieve their solution, for 'the ordinary man must have his say'. Conference delegates believed that 'the will of the people can best be expressed through the varying parliamentary institutions evolved in each of our countries' and that everything achieved at the conference would be 'regarded as vital by all those who are concerned for world peace and world understanding, and for the spread of real parliamentary democracy'.

The Inter-Parliamentary Union was established in 1894 following an initiative by a British MP, Sir William Randal Cremer, an advocate of international arbitration as a means of settling disputes between states. The aim of the IPU is to promote personal contact between members of all parliaments, and to unite them in securing the support of their respective countries in the development of democratic institutions, and in the establishment of greater international peace and understanding, particularly through international organisation.

The annual plenary conference meets each autumn in various world capitals, where parliament buildings are put at its disposal.

BANGLADESH

On 15 August a new regime took power in Bangladesh under the presidency of Mr Khandaker Moshtaque Ahmed, following a military *coup d'état* which overthrew the government of Sheikh Mujibur Rahman. Sheikh Mujib, the first leader of the independent state of Bangladesh (see pp 59-63, 1972), was killed during the *coup*, together with many of his family. He had been President since late 1974, when a one-party state was declared.

President Khandaker, who was Minister of Commerce and Foreign Trade under the previous regime, holds the portfolios of Defence and Home Affairs in the new Government. His Cabinet is also drawn from the previous Council of Ministers, and seven of its ten members have retained their portfolios. The new Government was formally recognised by Britain on 18 August.

In an address to the nation on assuming power, President Khandaker stated that Bangladesh would follow a policy of non-alignment, and would remain loyal to United Nations commitments and to its membership of the Islamic League and the Commonwealth. The President described the industry of Bangladesh, particularly the jute industry, as being 'on the brink of disaster'; and emphasised that the Government would 'not compromise with corruption, nepotism and social evils'.

British aid to assist Bangladesh in its economic difficulties has been considerable. It has recently included the provision of fertiliser and aid with its production; emergency food and other aid after the floods of 1974; and financial assistance in an internationally supported population project (see pp 53, 111, 112, 114 and 146).

ECONOMIC AND SCIENTIFIC AFFAIRS

Commonwealth Finance Ministers' Meeting

The 1975 meeting of Commonwealth Finance Ministers was held in Georgetown, Guyana, from 26 to 28 August, under the chairmanship of the Finance Minister of Guyana, Comrade F. E. Hope. The Chancellor of the Exchequer, Mr Denis Healey, attended for Britain.

Final Communiqué

The meeting discussed a range of issues, dealt with in its final communiqué as follows:

Towards a New International Economic Order

Ministers discussed the interim report 'Towards a New International Economic Order' prepared by the Commonwealth Group of Experts appointed by the Heads of Government Meeting in Kingston [see pp 184 and 187-8, 1974]. *They congratulated the Group on producing a unanimous and valuable interim report and requested the Group to complete its work in fulfilment of the mandate from the Heads of Government for a comprehensive and interrelated programme of practical measures directed at closing the gap between the rich and poor countries.*

The proposals contained in the interim report, many of which are amenable to immediate implementation, commanded a large measure of agreement. Without necessarily committing their governments to every aspect of the interim report, the Ministers gave general endorsement to the report and agreed that the early implementation of these proposals would constitute a first step towards achieving the progressive removal of the wide disparities of wealth now existing between different sections of mankind.

Ministers commended the report as a valuable contribution to constructive international dialogue and consensus-building in the critical area of international economic relations. They therefore requested the Secretary-General to publish the interim report and to make it available to the international community, particularly in the context of the Seventh Special Session of the United Nations General Assembly.

Ministers called the attention of the Group of Experts to the need in its final report for examination in depth of a number of issues not fully covered by the interim report, taking into account the work being carried out in other bodies, and bearing in mind the specific issues raised by Ministers in discussion.

Current Economic Situation

Ministers discussed the problems arising from the deep and prolonged world economic recession, coupled with continuing, unacceptable rates of inflation, and particularly their serious effects on developing countries.

Ministers noted with grave concern the continuing and aggravated balance of payments problems of many developing countries, which are caught in a squeeze between reduced demand and depressed prices for their exports and inflated prices for their imports, and the consequent serious adverse effects on the already inadequate momentum of development, and even on the maintenance of bare minimum conditions of life for millions of the world's people.

They called on all industrialised countries, particularly those with relatively strong balance of payments, to take early and effective action to lead the world out of the present recession and to pursue policies for bringing inflation under control.

Ministers reiterated their commitment in their 1974 communiqué [see p 380, 1974] *to a one-world approach to economic matters. They emphasised that industrialised countries should refrain from attempting to solve their economic problems by import restrictions, particularly restrictions on imports from developing countries.*

International Monetary Reform

While appreciating that some advances had been made toward monetary reform, Ministers expressed their disappointment that agreement had not yet been reached on a number of key issues. They noted the particular interest of developing countries in the settlement of outstanding issues including the increase in International Monetary Fund (IMF) quotas, the role of gold and revised principles for exchange rate regimes, and therefore stressed the importance of early resolution of all remaining difficulties pertaining to them. They urged an early agreement on gold which would permit the use of gold at present held by the IMF to provide assistance on concessionary terms to developing countries seriously affected by current economic developments. They agreed that consideration should be given to easing the conditionality of the IMF oil facility, and emphasised the need for the extension of the facility or an equivalent beyond 1975.

Transfer of Resources

Ministers noted with concern the declining trend in international net aid disbursements as a percentage of Gross National Product (GNP), in spite of a slight increase in 1974. They emphasised the need for the early attainment of the aid target of 0·7 per cent of GNP and for such aid to be provided at highly concessionary terms under liberal conditions. They noted, however, that in the quantity of official development assistance, the performance of Commonwealth members of the Development Assistance Committee (DAC) significantly exceeds that of the DAC countries as a whole, and that the grant element in Commonwealth official development assistance exceeds 84 per cent target of DAC countries.

Ministers welcomed the arrangements made to provide loans at intermediate interest rates through the World Bank third window. They called for increased contributions to the fund for this purpose, and recognised the need to provide flexibility in access to it. They agreed that further consideration should be given to placing this facility on a more permanent basis and for providing wider access to it. They stressed the urgency of beginning consultations on the fifth replenishment of the International Development Association, and expressed the hope that it would provide for an increase in real terms. They also recognised the importance of additional funds being made available to finance the IMF oil facility and its interest subsidy account. Ministers were of the view that serious consideration be given as a matter of urgency to the question of debt relief for developing countries.

Commonwealth Functional Co-operation

Commonwealth Fund for Technical Co-operation. Noting that planned expenditure in the current financial year amounts to £5·5 million, Ministers expressed their satisfaction at the continuing growth of the Commonwealth Fund for Technical Co-operation (CFTC), both in its activities and its resources. They also noted that during the past year more than 700 projects were undertaken, and, since the Fund's inception, over 10,000 man-months of training have been provided in developing Commonwealth countries. They welcomed the progress made in the triennial review of the Fund, and expressed the hope that the final report would be completed at an early date.

They stressed the importance of maintaining the speed of response and the flexibility which have characterised the operations of the Fund, and emphasised the particular value of the Fund in drawing to the maximum possible extent on the expertise available in Commonwealth developing countries.

A number of Ministers announced increases in their governments' contributions to the Fund.

Ministers commended the work of the Secretariat in assisting developing Commonwealth countries in their relations with transnational corporations as recommended in the report of the seminar of Commonwealth officials and experts on this topic. Recognising the importance of this topic, they noted with satisfaction that the first Commonwealth regional seminar on relations with transnational corporations was to be held in Papua New Guinea early in 1976, and agreed that the Secretariat should continue to provide other forms of assistance in this field.

Proposals to Establish a Commonwealth Investment Bank

Ministers expressed their appreciation of the quality of the various studies prepared in response to the requests of governments, but decided to defer their decision. They noted, however, that the studies had identified certain needs of developing member countries for the provision of additional resources, technical services and specialised skills. The Secretary-General was asked to examine the extent to which the CFTC might respond to at least some of the requirements identified and, at his discretion, to return at some suitable time to the exploration of the extent of support for the establishment of a Commonwealth Investment Bank and the form it should take.

The next Commonwealth Finance Ministers' Meeting will be held in Hong Kong in 1976.

Commonwealth Group of Experts: Interim Report

The Commonwealth Group of Experts, whose interim report forms the first subject of the Finance Ministers' communiqué, consists of ten members appointed by the Commonwealth Secretary-General, each of whom acts in his own personal capacity. The members came from ten different countries of the Commonwealth: Grenada, New Zealand, Bangladesh, Tanzania, Malaysia, Zambia, Britain, India, Nigeria and Canada. The British expert is Sir Donald Maitland.

The group met from 9 to 23 July in Ottawa, and there completed its interim report. This states that 'a new economic order must be designed to encourage the development of individual and collective efforts of self-reliance by developing countries. . . .The role of the international framework must be to create the conditions and provide the support within which self-reliance can flourish.' The experts' attention was devoted to 'the immediate objective, i.e. minimum measures . . . on an international level to alleviate the conditions of . . . crushing poverty in which the majority of the developing world live'. The experts call for 'a new relationship of inter-dependence' in international economic relations.

The report endorses the integrated commodities programme recommended by the United Nations Conference on Trade and Development, and states that importing as well as exporting countries should contribute to the programme's proposed common fund to finance buffer stocks of major primary commodities. Guidelines are proposed for a world commodity trade policy to bring about a progressive increase in the developing countries' real export earnings. In determining the remunerative price of primary commodities, an element 'should be its purchasing power in relation to imported goods and services, including those of imported inputs used in the production of the primary products concerned'.

The experts' recommendations are addressed both to Commonwealth Governments and to the international bodies within which they are active:

the IMF is urged to give priority attention to improving its facility for compensating primary producers for short-falls in their exports earnings; and the experts wish its joint meeting with the World Bank (see p 349) to consider the relief from external debt of certain developing nations. A change in voting rights in the two bodies is also urged, to give the developing nations a greater say in decision-making. The industrialised countries are urged to reduce the tariff barriers against manufactured goods from the developing world, even before the conclusion of the GATT Multilateral Trade Negotiations (see p 215, 1974).

In development policy, closer international co-operation is recommended, particularly on the problems of industrial co-operation and the transfer of technology. The report endorses the view of Commonwealth Ministers (see pp 145-6) that food production and rural development should be given the highest priority in all national and international efforts. This, the experts say, will in most cases require land reform and the involvement of rural people in developing countries; and there will be a continuing need for large-scale food aid and financial transfers to these countries to ease the transitional problems of such reforms. The report states that developed countries should without further delay implement the UN target of 0·7 per cent of GNP in official aid flows, and that the rich countries should be giving 1 per cent of their GNP in aid by 1980.

The experts emphasise that the interim report, as sought by heads of Government at Kingston, concentrates on proposals that are 'amenable to early and effective implementation' (see p 188).

Chancellor's IMF Speech

The annual meeting of the International Monetary Fund (IMF) was held in Washington in the week commencing 1 September 1975. The following is a summary of the speech given by the Chancellor of the Exchequer, Mr Denis Healey, to the meeting[1] on 2 September.

World Recession

Mr Healey noted that the meeting was being held with the world in a recession without precedent in scale or duration since that of the 1930s. Reviewing the last annual meeting he doubted that it could be denied that the forces making for recession were then seriously under-estimated by many Governments. Despite the warnings of the managing director of the IMF, Mr Johannes Witteveen, too few Governments had taken into account the deflationary effect of the rise in oil prices. Too many had attempted to achieve balance in their current account even though the oil producers would be unable for several years to import goods to the value of oil exports. The result, as had been warned by Mr Witteveen, had been to redistribute the inevitable deficit among the consuming countries – overwhelmingly towards the developing countries which were least able to finance it. The Chancellor hoped that all Governments had learnt the necessary lessons from the experience of the previous 12 months. Governments had failed to appreciate the long time-lag between a change in some important economic component and its full effect on the world economy. Also Governments had taken inadequate account of the chain reaction set up in the world economy by the policies taken in each country separately.

Economic Interdependence and Recovery

Perhaps the main lesson to be learnt from the experience of the last two years was the need for greater awareness of the growing interdependence of the national economies of the modern world. Mr Healey said that prior to the IMF meeting he had had discussions with his colleagues of the European Community in Venice and with his Commonwealth colleagues in Guyana (see p 345). At both meetings it had emerged most strongly that recovery in the industrial countries was threatened if their trade with the developing world collapsed and that the developing countries were unable to avoid catastrophe unless the industrial world achieved recovery.

Recovery was now the overriding priority facing the world economy. Of the major industrial countries only the United States had acted early enough for the results to be visible already. However, he said that the measures recently introduced or shortly to be announced by some European countries, should be producing significant results by the middle of next year. The time-lag was inescapable. Nevertheless, the measures shortly to be announced should have an immediate effect on confidence – and this might have valuable economic consequences even in the short term. No measures could now have much effect before the middle of next year and the coming winter would be a difficult one. Unless this was fully understood, Governments risked being pushed into additional panic measures of reflation which could produce their results only when recovery was already well under way – thus producing the sort of over-heating of national economies which a few years ago had contributed greatly to the inflation and the consequent recession from which countries were suffering at present.

This was one danger, but Mr Healey said there was also a contrary one. He thought there was a tendency in some of the strongest industrial economies, whose past growth had been based primarily on exports, to observe great caution in stimulating domestic demand, preferring instead to wait until world recovery could enable them to resume their traditional pattern of export-led growth. In some cases, however, these were countries whose balance of payments position and moderate inflation rate enabled them, and indeed required them, to lead the world to recovery. By stimulating domestic consumption they might do little directly to assist their export-orientated industry. Nevertheless, they would never recover unless their customers abroad were first enabled to earn the currency to buy their goods. Therefore these export-orientated countries

[1] Other matters pertaining to the meeting will be summarised in a future issue of *Survey of Current Affairs*.

had a powerful interest in stimulating their domestic consumption so as to increase their demand for imports. If this had consequences for the balance of payments they could well afford them.

Demand Reflation

Many Governments faced another problem created by the combination of high rates of inflation with high unemployment. However, Mr Healey felt that the dilemma of stimulating economic activity and employment without increasing prices was sometimes over-stated. He said that in most countries at the present time there seemed little danger that reflationary action would drive up prices through increasing the pressure of demand. When output was far below capacity the reflation of demand – providing it was properly controlled – would draw idle resources into use and unit costs would fall as the spare capacity was taken up.

Budget Deficits

A more subtle variant of this anxiety was the fear that where reflation increased budget deficits it must bring about further inflation. There was no doubt that many countries now had, or expected, public sector deficits far greater than would have been conceivable in the past. However, in most cases at least half of these deficits were due to the recession, since heavy unemployment brought vastly increased Government expenditure on relief and tax receipts were depressed by low activity. In such cases, although any stimulus to economic recovery was likely at first to involve some addition to the public sector deficit, this addition should disappear in time as the economy expanded.

Mr Healey understood the anxiety that the financing of these big deficits might in the short term produce an expansion of the money supply which could store up considerable inflationary pressures in the future. But at a time when personal saving was running at almost unprecedented rates and the industrial demand for credit was so weak, it should be possible to finance big public sector deficits without any undue expansion in the money supply. It had been a cardinal principle of Mr Healey's policy in Britain to aim at financing Britain's large public sector deficit outside the banking system. He was convinced that a firm control of the growth of money and credit was an essential part of any strategy against inflation. Britain's record over the previous 18 months demonstrated that in a period of recession it was possible to finance large public sector deficits without losing control of the money supply. Steps, however, had to be taken to ensure that these deficits were drastically reduced as recovery progressed.

Yet for many countries the most serious constraint on reflation would not be the size of the budget deficit but the inhibition created by a weak balance of payments, particularly when this was associated with a propensity to import proportionately more than other countries as the economy recovered.

Britain's Position

In Britain long-standing structural weaknesses in the economy – weaknesses the Government were determined to cure – had made its balance of payments particularly vulnerable. This vulnerability had recently been compounded by a rate of inflation substantially higher than that of other major countries. Until Britain had strengthened its balance of payments further and had reduced inflation there was little scope for reflationary action in Britain.

Mr Healey emphasised that inflation was at the root of all Britain's immediate problems. However, determined action had been taken to reduce it. Britain's trade union leaders had recently agreed to limit all wage increases in the coming year to a level well under half of what would be needed to compensate for the increase in prices over the previous year. The Chancellor believed that the trade union movement as a whole would endorse this policy at the forthcoming Trades Union Congress (see p 350). In that case, unless import prices rose far more than the Government expected, Britain should have reduced the rate of inflation to single figures by the end of 1976. He felt it was a unique achievement for a country like Britain, which had an exceptionally large and well-organised trade union movement, to have obtained a voluntary decision by organised labour to commit itself to accept wage increases which would mean a temporary fall in living standards for the majority of its members. This was accepted because both Britain's working people and the Government knew that until inflation was brought under control all other aspirations were at risk. Until inflation was controlled it was only to world recovery that Britain could look for a significant reduction in unemployment. For this reason Britain had perhaps a greater interest than the other industrial countries in helping to ensure a rapid recovery in the world economy.

Developing Countries

Mr Healey said that Britain's problems were insignificant compared with those of the developing countries. Theirs had been and remained a multiple affliction – their exports had fallen in volume and in value while their essential imports such as fuel, food and fertilisers had risen in price. The poorest among the developing countries, with a *per capita* income below 200 dollars a year, had seen their national wealth increase by less than their population.

It would be immensely dangerous to assume that these countries' problems had been exaggerated. They had survived so far mainly due to their own efforts: imports had been reduced to levels which could not be sustained for long, reserves had been heavily drawn upon, and, where possible, loans from abroad had been obtained. There was little scope for further action along these lines. The developing countries depended far more than the rest of the world on the ability of the strong economies to start world recovery. In the long run this was the only answer to their problems. In the meantime, however, the poorest among them in particular faced problems which were totally intractable without outside help. As a bare minimum every Government which had given, or could give, them aid had to sustain that aid and wherever possible increase it. The readiness of the oil-exporting countries to use part of their newly acquired wealth to help those

less fortunate in the developing world was a major achievement to record from the last year. The industrial countries had done less well.

Mr Healey hoped, however, that the countries of the Organisation for Economic Co-operation and Development (OECD) as a whole would give serious attention to the strong plea[1] by Mr McNamara, President of the World Bank, that they should devote at least some small part of their incremental income to official development assistance. This applied particularly to those countries which had fallen behind the others in their aid performance but would soon be enjoying the benefits of economic recovery. Moreover, both industrial and oil-exporting countries had to ensure that the concessional aid provided was directed primarily to those in greatest need.

In spite of its difficult economic problems, Britain had maintained its bilateral assistance, and had responded positively to the new international initiatives over the last few months. Britain, for example, supported the World Bank's efforts to establish a 'third window'[2] and had pledged a contribution to its subsidy fund. Britain attached great importance to the fifth replenishment (of the International Development Association's resources) and also supported early action on a selective increase in the capital of the World Bank, quickly following the IMF quota increase. Like the rest of the European Community, Britain was committed to contribute to the special interest subsidy account of the IMF oil facility (see p 268, 1974). Mr Healey hoped that other countries would follow this example, and also that the agreement reached on the sale of a sixth of the IMF gold would help to launch the IMF trust fund.

Monetary Reform

Commenting on the progress made in the Executive Board and the Interim Committee (see pp 62-4, 433-4, 1974) on international monetary reform, Mr Healey believed it was right to set aside for the moment the comprehensive reform of the international monetary system and to concentrate instead on the co-ordination of economic policies and on improving the institutional framework for the IMF's activities.

Substantial and important progress had been made on the latter and Mr Healey thanked the Chairman of the Interim Committee, Mr John Turner, the Finance Minister of Canada, for his invaluable work during the intensive negotiations. These important advances, however, were regarded by Mr Healey as only removing some of the procedural obstacles which might otherwise have obstructed the fund's work. The IMF was now free to concentrate on its main responsibility to co-ordinate economic and financial policies throughout the world so that the world's population could look forward to a future of stable growth – a future in which gross inequalities of wealth no longer threatened political conflict and economic catastrophe.

[1] To be covered in a future issue of *Survey of Current Affairs*.

[2] The third window will provide additional funds for bank lending, mainly for low-income developing countries at a rate below the bank's normal lending rate.

Counter-inflation Programme

PUBLICITY UNIT

On 14 July the Government set up a new publicity unit to assist it in projecting its counter-inflation policies.

The unit, which consists of several experts in the field of publicity and communications, is headed by Mr Geoffrey Goodman, formerly industrial editor of the *Daily Mirror*, who has been granted leave of absence by the paper and will sever his connection with Mirror Group Newspapers during his period of service with the Government. Lord Jacobson, formerly deputy chairman and editorial director of the Mirror Group, will act as special adviser to the unit.

Publicity Campaign

The Government's publicity campaign, which will cost about £2 million, began with the insertion on 20 August of full-page advertisements in all national newspapers setting out the main points of the White Paper *The Attack on Inflation* (see pp 269-72).

On 27 August the Government published a 16-page pamphlet *Attack on Inflation: A Policy for Survival* which will be distributed to some 21·5 million households during September 1975. The pamphlet, which will also appear in a Welsh language edition, available through libraries and local authority offices, and in five Asian languages for special distribution, contains a foreword by the Prime Minister and explains why the Government's policies are essential and what they are intended to achieve. The pamphlet asserts that the success of the campaign will depend essentially on 'public support, public understanding and acceptance of the short-term sacrifices involved in the battle against inflation'.

Details of how the Government interprets the pay guidelines in the White Paper have also been published by the Department of Employment in its monthly *Employment News*, nearly 100,000 copies of which are circulated free of charge to employers and trade unions.

Details of the policy as regards pay have also been circulated by the Trades Union Congress in a special edition of its monthly information broadsheet and by the Confederation of British Industry both in its industrial relations bulletin and in a special booklet *The New Anti-Inflation Policy – Practical Guidance for Employers* which has been sent to all of its 12,000 members.

MINISTERIAL BROADCAST

In a ministerial broadcast on 20 August, the Prime Minister, Mr Harold Wilson, spoke of the threat that unemployment posed to standards each family had taken for granted for years past and said that, although until recently the loss of jobs in Britain had been smaller than in most other advanced countries, the outlook for employment was bleak until the expected up-turn in world trade. The causes of this threat, which were known to everyone, were firstly, the most virulent trade and employment

depression faced by the whole industrial world since the thirties; secondly, a cause of much longer standing, the failure of industry over the past 20 years to invest in new plant and machinery, factory buildings and industrial modernisation; and thirdly, an increasingly dominant factor, the effect of inflation on the ability of industry to provide jobs both for those established in industry and for school-leavers.

Mr Wilson added that while in 1974 it was world factors as well as Britain's own performance that created the main trend, in 1975 it had been almost entirely internal prices and costs, including pay, which had aggravated inflation and hit both industry and the housewife. He exhorted everyone to join the attack on inflation, help the consumer authorities to monitor prices, support the Government's policy as it applied to themselves and persuade others to do the same. Warning that many people would face a cut in their standard of living over the next 12 months, he said that restraint on incomes was not of itself enough and had to be accompanied by 'harder work, work better organised, and, through more and better directed investment, more machine-power at the worker's elbow'. Britain now had a better chance to conquer the evil of recurrent inflation than at any time in the last 30 years; the country was alerted and determined and there was a consensus both within industry and between industry and Government.

Opposition Broadcasts

In a broadcast on 21 August, the deputy leader of the Opposition, Mr William Whitelaw, said his party would stand by the Government if its policy were challenged. The problem of inflation was so serious that even those who would have tackled it differently owed it to the country to give the policy every chance of success. The Opposition trusted, however, that the Government intended to be resolute in restraining public expenditure.

In a broadcast on 22 August, Mr David Steel, spokesman for the Liberal Party, said that his party would support the Government's policy in the attack on inflation; however, that did not mean that it would support other parts of Government policy, relating to different issues.

LOCAL AUTHORITY EXPENDITURE

Preliminary advice to local authorities on current expenditure in 1976-77 has been set out in a circular (*Local Authority Expenditure in 1976-77: Forward Planning*, DOE Circular 88/75, HMSO 18p, ISBN 0 11 750962 0) issued on 4 September to local authorities by the Department of the Environment and other Government departments. This follows a statement by the Secretary of State for the Environment, Mr Anthony Crosland, in the House of Commons on 5 August (*Hansard*, written answers, col 116) that there would have to be a standstill on local authority expenditure in 1976-77. The excess expenditure during the current financial year amounted to the level of real growth previously allowed for 1976-77.

Against this background the circular offers local authorities some preliminary advice on individual services as they come to plan their expenditure for 1976-77. Detailed advice will be given in a further circular.

Education

There will be no scope for improvement of standards for the education service at any level, and only by strict economy and careful planning will it be possible to obviate the need for reductions of standards.

Housing

In accordance with the Government's policy set out in the White Paper *The Attack on Inflation* (see p 270), rents are expected to rise next year by an average of 60p a week. The Government has already announced its intention to pay a special element of housing subsidy in 1976-77 which will reduce the amount of the rate fund contribution to housing revenue accounts that would otherwise be necessary.

Home Office Services

Stringent economy in expenditure on all goods and services will be necessary and manpower increases will have to be limited to the recruitment of police officers up to authorised establishments and to the planned increase in the probation and aftercare service.

Local Transport Services

Expenditure, both capital and current, will be reduced in total by about £70 million (at November 1974 prices) from the level provided for in the most recent Public Expenditure White Paper (see p 66) to comply with the April Budget statement (see p 194). The reductions are intended to fall mainly on revenue support and road maintenance. As compared with the general reduction of 10 per cent in capital expenditure announced in the Budget statement, it is not intended that capital investment in public transport should be reduced; in road construction and improvement the reduction planned is 8·3 per cent. The White Paper already provided for a reduction in revenue support for bus and underground services from £123 million in 1975-76 to £103 million in 1976-77; the latter figure is now to be reduced by a further £12 million to £91 million.

Personal Social Services

Local authorities are advised not to reduce the effectiveness of the field and domiciliary services or curtail the urgent expansion of specialised residential provision for children. Savings may be realised by delays in bringing other new capital works into use or by reducing the numbers of those for whom residential care is planned.

TRADES UNION CONGRESS SUPPORT

Delegates at the one-hundred-and-seventh annual Trades Union Congress (TUC) supported a resolution endorsing the report *The Development of the Social Contract* (see p 272) and the Government's counter-inflation pay policy by 6·94 million votes to 3·37 million votes, a majority of 3·57 million.

Moving the resolution, Mr Jack Jones, general

secretary of the Transport and General Workers' Union, said that the pay policy was 'not a free-for-all but a fair-for-all' and offered the Government a breathing space to tackle the nation's fundamental economic problems.

In his speech supporting the resolution, the general secretary of the TUC, Mr Lionel Murray, said that the flat-rate pay limit of £6 a week (see p 269), which should apply to everyone, was the only sure way of beginning to reduce the rate of inflation. While pay rises had not been the primary cause of Britain's poor economic performance, in recent months increases in incomes had been the primary factor in rising prices and the TUC general council in its report was providing a positive lead on how price rises could best be checked, jobs best protected, and living standards best defended over the next year.

Inflation Accounting

The adoption of a new system of accounting to be known as 'current cost accounting' is recommended in the report of the Inflation Accounting Committee (see p 378, 1973), chairman Mr F. E. P. Sandilands (*Inflation Accounting*, Cmnd 6225, HMSO £4·25, ISBN 0 10 162250 3). A brief guide to this report has also been published (*Inflation Accounting*, HMSO 30p, ISBN 0 11 511678 8). This system would replace the existing conventions of historic cost accounting,[1] the usefulness of which, according to the report, is sharply reduced during a period of high inflation.

The Need for Inflation Accounting

The guide to the report explains that, in a period of inflation, the apparent picture of a company's performance given by existing accounting conventions is often misleading and the ability to compare the performance of different companies in a useful way, which is important for the investor and the investment analyst and therefore for the allocation of national resources, is significantly impaired.

Neither inflation nor the purchasing power of money can be measured in the abstract, but only in relation to the changes in prices of specific items of goods and services on which money is spent. Inflation is not a phenomenon capable of independent measurement affecting all individuals, companies and other entities in the same way. The rate of inflation will vary for different individuals, companies and other entities according to the selection of goods and services which they buy. A company's accounts should show the effect of inflation on that particular company's operations.

The committee's main recommendation of the adoption of current cost accounting is based on its work covering the classification of accounting systems; the information needed by the many categories of people (investors, creditors and lenders, investment analysts, the City, employees and management, Government and the public) who use accounts; and the principles of a system that would meet those needs.

The report analyses the qualities of historic cost accounting and concludes that, when prices are stable, historic cost accounting meets the needs of most users of accounts and 'has served companies well for centuries'. However, when prices are changing rapidly the usefulness of historic cost accounts is sharply reduced.

Modifications have been made to historic cost conventions in recent years in an attempt by companies to show more useful and relevant information. While many of these developments have been useful, taken as a whole they have led to inconsistencies and a lack of comparability in the way in which different companies draw up their accounts. The report states that more comprehensive reform is required.

Current Purchasing Power Method

The report believes that the professional accounting bodies have performed a valuable service in the short term in recommending the 'current purchasing power' method of accounting for inflation. This system (which involves a supplementary statement attached to company accounts using the Retail Price Index as an indicator of changes in the 'purchasing power' of money) has made companies much more aware than previously that inflation can have significant effects on their results. However, the report concludes that the current purchasing power method does not provide the best long-term solution to the problem of accounting for inflation since it does not remedy the deficiencies of historic cost accounting and introduces a further set of problems by expressing accounts in terms of a new unit of measurement.

Current Cost Accounting

The report sets out the principal features of current cost accounting, which it recommends:

1 The accounts should continue to be drawn up in terms of monetary units (pounds).

2 The accounts should show the 'value to the business' of the company's assets at the balance sheet date. In most cases the value to the business of an asset is given by its current purchase price (replacement cost) but in certain circumstances it may be given by its net realisable value.

3 A company's 'profit' for the year should be determined by charging against the amounts realised for the company's output during the year the value to the business of the assets consumed in generating those amounts. Any other gains which a company makes should be shown separately.

4 A statement showing the sources and uses of funds should be attached to companies' published accounts. Directors should also include in their annual reports a statement on the adequacy of the cash resources likely to become available to meet the company's requirements in the ensuing year. The report emphasises that in a period of inflation it is vitally important for companies to monitor cash resources and to prepare internal cash flow forecasts.

[1] The main features of this basis of accounting are that assets and liabilities are shown in the balance sheet at cost (less depreciation where appropriate) and the profit and loss account shows as profit the amounts realised from a company's output less the costs incurred in generating those amounts.

The committee does not recommend that current purchasing power statements should be attached to current cost accounts. Little useful additional information would be presented to a user of accounts by such a procedure and the effect would be to make the annual statements too complex.

Detailed Proposals

The report makes detailed proposals for an initial standard of current cost accounting. They include the following:

1 Land and buildings should be valued on the 'existing use' basis with the advice of independent valuers; ships and aircraft should also be independently valued.

2 All other fixed assets should be valued with the help of a series of price indices which the committee recommends should be published by the Government Statistical Service. These indices would be specific to particular industries and would provide a standard reference basis for estimating the current purchase price (replacement cost) of fixed assets.

3 Initially, stock should continue to be valued in the balance sheet using existing accounting conventions since they normally provide a sufficient approximation to current value.

4 Amounts arising from the revaluation of assets should be shown as movements on reserves in the balance sheet.

5 In the profit and loss account, depreciation should be charged on the basis of the value to the business of fixed assets at the end of the year.

6 A 'cost of sales adjustment' should be made to eliminate 'stock appreciation' from profit. The adjustment should be shown as a movement on balance sheet reserves.

7 The net book value of assets and depreciation on an historic cost basis should continue to be shown in notes to a company's accounts.

Implementation

The report recommends that the introduction of current cost accounting should be supervised by a steering group with a permanent staff set up under the aegis of the Accounting Standards Steering Committee. This committee represents the main professional accounting bodies in Britain.

The aim should be to use current cost accounting to draw up published accounts for accounting periods beginning after 24 December 1977. According to the report new legislation would not be needed to enable companies to adopt it. Initially, the system should be used in the accounts of all companies whose shares are quoted on the Stock Exchange, large unquoted companies (with assets or turnover in excess of £10 million) and all nationalised industries. In later years other companies would be required to draw up their accounts on a current cost basis. The detailed timetable for this should be worked out by the steering group in consultation with the Government and the professional accounting bodies.

Taxation Implications

The report also recommends that a Royal Commission should be established to review the basis of taxation of all profits and income and to consider in particular whether current cost profit should become the basis of taxation for all companies. Until this commission has reported, 100 per cent first-year allowances should be retained for expenditure on plant and machinery and tax relief should be granted on stock appreciation, calculated in accordance with the principles of current cost accounting, subject to a clawback provision where stock levels are run down. Capital allowances should be granted for expenditure on commercial buildings.

Other Implications

The report further recommends that price controls should be operated on the basis of current cost accounts, and that current cost accounting should be admitted as a basis for the application of the profit formula in Government contracts. The profitability of industries investigated by the Monopolies Commission should also be on the basis of current cost accounting.

Government Assistance to Industry

The Government has now allocated over half the £100 million (subsequently increased to £105 million), promised by the Chancellor of the Exchequer in his Budget speech in April with the object of encouraging investment and modernisation in industry (see p 196). The clothing industry, and thus indirectly the whole textile industry, is to receive £20 million; £25 million will be made available for the ferrous foundry industry and a further £20 million for the machine tool industry. All the schemes for assistance are made under the terms of Section 8 of the 1972 Industry Act, which allows assistance if national interests are involved or help cannot be obtained from conventional sources. In addition, a number of individual companies are receiving Government support under the Industry Act and the Government has announced further support for the development of the advanced version of the *RB 211* aero-engine, manufactured by Rolls-Royce (1971) Ltd.

The Government has decided not to supply further assistance to the motor-cycle group, Norton Villiers Triumph. A study of the prospects for the motor-cycle industry, commissioned by the Government, has been published, but the three possible strategies identified by the study all involved high risks and substantial Government funds and none was considered by the Industrial Development Advisory Board to be commercially viable.

TEXTILE INDUSTRY

On 23 July the Secretary of State for Industry, Mr Eric Varley, announced a number of measures intended by the Government to help the textile,

clothing and footwear industries (*Hansard*, cols 558-71). He said that firstly the Government would provide up to £20 million to raise productivity in the clothing industry, through help for modernisation and re-equipment. It was envisaged that in the medium- to long-term this would help the whole textile industry, which depended on the clothing industry for a significant proportion of its domestic sales. Details would be announced after final discussions with the Clothing Economic Development Committee.

Secondly, Mr Varley said, the Government was ready to explore with other sectors the scope and need for schemes under the Industry Act which were suited to their particular circumstances, provided the financial resources could be found. Discussions with the footwear and jersey fabric industries had already begun.

Thirdly, Government departments were being asked to ensure that they purchased their requirements of textiles, clothing and footwear from British manufacturers and that these used British materials. It was hoped that other purchasers in the public sector would be guided by the same principle as far as possible. It would be against Britain's interests as an exporting nation to violate the international rules about discrimination, nor could the Exchequer be expected to accept grossly unfavourable terms for domestic products.

Fourthly, the Government was prepared to invoke the safeguards provided in the GATT (General Agreement on Tariffs and Trade) Multi-Fibre Arrangement (see p 54, 1974) where imports of textiles or clothing cause or threaten disruption. Bilateral arrangements, consistent with the Multi-Fibre Arrangement, were being negotiated by the European Commission with the principal supplier countries to prolong or extend the existing restraints on the more sensitive products. The Community had just completed negotiations on these lines with Hong Kong. Extended restraints on Taiwan would be published shortly. If other negotiations could not be brought to a speedy conclusion, Mr Varley said, the Government would be entitled to propose that the Community should use the provisions which allowed importing countries to take their own safeguards.

The Government's fifth measure was to apply to all clothing and textile imports from sources outside the Community the surveillance licensing which was already in force for some man-made fibres, yarns and fabrics. This extended surveillance would take effect from 1 September.

Sixthly, the Department of Trade was ready to advise and to take vigorous action on behalf of an industry in any case where dumped imports caused or threatened material injury. Where there was a proper case and an imminent threat of injury the Government had powers to take provisional action for up to six months.

Finally, the ceilings on duty-free imports from Portugal would be properly applied. Customs duties on woven outer garments had been re-imposed with effect from 15 July.

Mr Varley said that the immediate difficulties of the industries rose primarily from the world-wide decline in demand for their products. The range of measures announced showed the Government's determination to see textile, clothing and footwear industries which were profitable and competitive, so as to provide secure and well-paid jobs. In answer to a question Mr Varley confirmed that the £20 million to which he referred would come from the Chancellor's allocation of £100 million. Should it become necessary to increase that amount to assist this scheme it would be increased by up to £5 million.

During a debate on the textile, clothing and footwear industries (*Hansard*, 6.8.75, cols 587-98) Mr Varley outlined the Government's textile policy. He said the objective of the policy continued to be 'a prosperous, internationally competitive industry without permanent special protection, but one which has effective safeguards against import disruption' and where there was 'equalisation of the competitive conditions faced by the United Kingdom industry and the textile industries of other developed countries'. Successive Governments, he said, had helped to encourage the process of adaptation in the industry. There had been substantial development in the use of man-made fibres – in both the cotton and wool sectors – and expansion of knitting. Between 1966 and 1975 deliveries of man-made fibre staple more than doubled. The sum of £15 million was being made available for the wool textile industry for grants towards re-equipment and rebuilding, in addition to the £20 million now being provided for the clothing industry.

Mr Varley stressed that the problems of the textile industries of other countries were at least as bad as those of Britain, and in some cases far worse, in the face of the world-wide collapse in demand for textiles and textile products.

Prime Minister's Statement

The announcement of Government assistance followed an earlier statement by the Prime Minister on 23 May on the situation in the textile, clothing and footwear industries (*Hansard*, cols 1803-21). He had then said that in the Government's view the proposals of the British Textile Confederation for unilateral action to cut imports by 20 per cent would be ineffective and would lead to certain retaliation against the products of these and other industries. The present problems were deeper than the problems of import penetration. The volume of mports had fallen in the first quarter of 1975 and the percentage of imports in the home market had fallen. A general cut in imports could not be justified under Britain's GATT obligations: by such action Britain would be breaking the Multi-Fibre Arrangement, which was of benefit to the industries and which had been described by the Textiles, Clothing and Footwear Industries' Committee of the Trades Union Congress as 'the keystone of a long-term policy for achieving a stable pattern of trade and greater confidence in the industries'. It would also be detrimental to Britain's trade within the Commonwealth.

Mr Wilson had said that the Industry Act 1972 gave power to help with the re-equipping and modernisation of an industry on the lines of the scheme already in hand in wool textiles. The Government was determined to ensure that the world-wide recession in these industries did not cause damage which would mean the loss of

capacity that would be needed when the world markets made their expected recovery.

FERROUS FOUNDRY AND MACHINE TOOL INDUSTRIES

Mr Varley announced the schemes to assist the ferrous foundry and machine tool industries on 5 August (*Hansard*, written answers, cols 121-2). He said that both industries occupied key positions in the economy and if they were helped to modernise and improve their productivity this would benefit the support and service they provided to a wide range of manufacturing industries. Both schemes would be operated on a selective basis and assistance would be provided only for projects approved in advance by the Department of Industry. Great stress would be placed on the need for any project proposed to be commercially viable and on the contribution it would make towards the objective of improving the productivity of the applicant company.

Ferrous Foundry Industry

The ferrous foundry industry produces a great variety of products which are essential components in a very wide range of other industries. The total value of its output in 1974 was some £775 million. It employs some 105,000 people, about 40 per cent of whom are in the assisted areas. The scheme is intended to encourage firms engaged in iron and steel foundry operations to invest in new productive equipment and buildings; improve working conditions; develop the most efficient production and commercial practices; and to attract and retain skilled labour and other qualified manpower in the industry. Grants of 25 per cent will be provided towards approved expenditure on new plant and equipment and grants of 15 per cent towards approved expenditure on new buildings and extensions. Concessionary loans will also be available for parts of an identifiable project not covered by these provisions for grants in aid. Applications are to be submitted between 5 August and 31 December 1976, and expenditure on approved projects must be completed by 31 August 1980.

Machine Tool Industry

The Government's scheme for the metal-working machine tool industry is designed to promote the efficiency and competitiveness of the industry by encouraging selected companies to develop new products, improve production facilities and machinery, rationalise existing product ranges and adopt modern management techniques. For the development of new machine tools to meet the demands of the market, financial assistance will take the form of concessionary loans. There will also be grants of 20 per cent, in lieu of the interest rate subsidy on concessionary loans, towards approved expenditure on new plant and equipment and of 15 per cent towards approved expenditure on new buildings and extensions. Concessionary loans will also be available for parts of a project not covered by the other provisions of the scheme. Expenditure on approved projects must be incurred before 31 August 1978.

INDIVIDUAL COMPANIES

Ferranti Ltd

The Government's intentions towards Ferranti Ltd, following its response to the company's request for assistance (see p 24), were made known in a statement to Parliament on 14 May by Mr Anthony Wedgwood Benn, then Secretary of State for Industry (*Hansard*, cols 457-68). Mr Benn had said that agreement for financial support had been reached after discussions with representatives of the workforce and negotiations by Sir Don [now Lord] Ryder (the Government's industrial adviser) with Ferranti's major shareholders. The Government would subscribe a total of £15 million of new capital, partly in voting equity, partly non-voting, and partly in loan form at a commercial rate of interest. The 62·5 per cent of the total equity and 50 per cent of the votes which the Government would have would give it effective control over the company. There were provisions in certain circumstances for part of the Government's non-voting shares to be made available if the company were able to arrange a public marketing of its shares. All non-voting shares would acquire voting rights, by 1 October 1978 at the latest, and the Government's voting power, which could not fall below 50 per cent, might well increase. There would be some changes in the management and the company would be required to prepare plans for its future. In accordance with Government industrial policy, there would be a planning agreement (see p 356) with Ferranti and the Government would encourage the development of industrial democracy within the firm.

Mr Benn stressed the value of Ferranti's technological capabilities in a number of areas and the company's importance as a supplier of defence equipment, as an exporter and as providing employment, especially in assisted areas. He said that these arrangements should provide the opportunity for the company to recover from its present difficulties and make a full contribution to the national economy.

Alfred Herbert Ltd

Details of the Government's long-term support for the machine tool group, Alfred Herbert Ltd, were announced in Parliament by Mr Varley on 9 July and an order was approved authorising the Government to guarantee part of the company's bank borrowing (*Hansard*, 9.7.75, written answers, col 155 and cols 671-704). Mr Varley said that the Government was proposing to make available to the company under Section 8 of the Industry Act 1972 long-term finance up to a maximum of £25 million on terms to be negotiated. Subject to the enactment of the Industry Bill, which recently received its third reading in the House of Commons, a major proportion of this finance would be in equity which would be vested in the proposed National Enterprise Board (see p 104). The funds would enable the company to reduce its overdraft and would provide working capital and capital for expenditure on new plant and equipment. The provision of this money would be made in the context of a scheme to reconstruct the company's capital which would be put before the Court under

the Company's Act 1948, after negotiations with the parties concerned. Mr Varley said that the Government would look to the company to concentrate its resources in profitable directions. Until these proposals could take effect the Government would still need to guarantee the company's additional bank borrowing. After a debate on this subject the Government was authorised to increase its guarantees beyond £5 million up to a total figure of £15 million (see pp 24-5).

Triang Pedigree (1971) Ltd

The Government is providing financial support under Section 7 of the Industry Act to Triang Pedigree, manufacturers of wheeled toys and prams at Merthyr Tydfil. The assistance comprises £1 million in redeemable preference shares, £1·5 million by way of secured loan and equity and, if needed, a further contribution of up to £1 million as a grant towards providing the company with adequate working capital. In return the Government will have one-third of the equity; the other two-thirds will be held by Airfix Industries, a major manufacturer of toys and similar goods which is acquiring Triang Pedigree.

Govan Shipbuilders

Govan Shipbuilders, the company formed as a wholly-owned Government company after the collapse of Upper Clyde Shipbuilders in 1971, is to receive an additional £17·2 million of Government assistance, bringing the total of such aid to £59·4 million. The Government's decision to give further aid was announced by Mr Varley on 7 August (*Hansard*, written answers, cols 506-8). He said that the decision had been taken because the company provided 5,320 jobs in an area of very high unemployment and also because Govan was forecasting a profit in 1978. He warned that Government subsidies could not be expected to cover losses indefinitely, however; the conditions for the continued support were that the assistance should not be used to finance 'excessive' wage settlements and that the Minister should be satisfied with the company's progress.

RB 211-524 Aero-engine

Two announcements of Government support for the development of the Rolls-Royce *RB 211-524* aero-engine have been made by Mr Varley (*Hansard*, 20.6.75, written answers, col 539, and 6.8.75, written answers, col 233). The Government has agreed to support the proposals of Rolls-Royce (1971) Ltd for the application of the engine at 50,000 lb thrust, to the Boeing *747* aircraft, on the basis of an order from British Airways. The Government's direct contribution will be £8·3 million, which is in addition to the £26·3 million being provided for the development of the engine for the Lockheed *TriStar* (see p 26). The new fixed amount represents half the company's estimate of the cost of the new application and part is subject to a cost escalation formula from the end of 1975 onwards. A further £600,000 may be made available on request for work relating to certification of the engine in a variant of the Boeing *747*. Mr Varley said that the Government recognised that new versions of the Boeing *747* might require further thrust development and had agreed in principle that if the company should decide to increase the engine's thrust to 53,000 lb, it would contribute up to a further £12·3 million on similar terms to the programme. As in the case of the development of the engine for the *TriStar*, direct Government contributions would be recoverable by a levy on engine sales.

Norton Villiers Triumph

The request by the motor-cycle group, Norton Villiers Triumph, for further funds has been refused by the Government. Mr Varley announced the Government's decision in a statement to the House of Commons on 31 July (*Hansard*, cols 2059-73). He described the background of the company and the assistance that had been made available to it at various times, including the export credit guarantees approved in March 1975 (see p 157). These, he said, had almost been used up and substantial stocks of unsold motor-cycles had accumulated; further finance to increase stocks could not be justified.

In the past two years, Mr Varley said, nearly £24 million had been spent or committed to the motor-cycle industry. To enable the Government to form a view of the long-term prospects for the industry, a study had been commissioned from the Boston Consulting Group.[1] Their report had now been received and its conclusions considered by representatives of the Government and of management and workforce in the industry. The consultants identified three possible future courses which appeared to hold the best prospect, but all called for the rapid development of new models, the installation of new equipment and the concentration of production in at most two factories, all were likely to involve high risks, and they required Government funds ranging from a minimum of £15 million to £50 million and more. In the opinion of the Industrial Development Advisory Board none of the strategies offered an adequate prospect of viability. The Government had also to take into account the many other calls on Government money in other spheres of economic and social policy and the need to ensure that limited resources were used to the best advantage. The Government did not take lightly its decision to refuse further funds and had given full weight to the skill and enthusiasm of the workforce and the employment situation in the Midlands. The Manpower Services Commission would be asked to do everything it could to help those workers affected to find new jobs.

Fodens Ltd

The Government has cancelled its £2 million loan guarantee and withdrawn from its earlier offer to help Fodens, the manufacturers of lorries and specialist vehicles, to overcome its financial problems (see p 25). In place of Government assistance, over 20 City institutions, about half of which are already shareholders in Fodens, are underwriting a £3 million rights issue. The company is also being given overdraft facilities of £6 million.

[1] *Strategy Alternatives for the British Motorcycle Industry*. House of Commons Paper 532. HMSO, £1·80. ISBN 0 10 025325 3.

Planning Agreements

The Government has prepared a discussion document[1] on planning agreements and their contents as the basis for consultations between those principally concerned on both sides of industry on the best means of operating the system of planning agreements envisaged in the Industry Bill now before Parliament (see p 105). Copies are being made available to major manufacturing industries, the Confederation of British Industry, the Trades Union Congress, the National Economic Development Council and Members of Parliament, and the views of those responsible for corporate planning in industry are being sought.

Purpose and Contents of Agreements

The system represents a new initiative, based upon partnership between Government and industry at the level of the firm, the purpose of which is to improve both the quantity and quality of industry's contribution to the development and growth of the economy. A planning agreement is intended to represent a statement of the firm intentions of both sides. The relationship between the Government and a company in this respect will be wholly voluntary, based on consent. Planning agreements are seen as the framework within which the decision-taking of Government and management can be improved by sharing information about plans and objectives. They are also the means by which the Government hopes to increase the effectiveness of its contribution to industry, in the form of financial assistance under the 1972 Industry Act and other assistance. In addition, the Government sees as one of the principal benefits of planning agreements the opportunity they will provide for it to attune its policies to the needs and plans of industry.

The document emphasises that consultations should be conducted so as to incur the minimum of extra administrative cost for the companies. The planning agreements should not restrict the freedom of companies to respond to market fluctuations but should be essentially concerned with strategic issues, such as the way in which the company's objectives and policies can best be related to the Government's economic strategy and with the action necessary to ensure that the plans and projects which have been reviewed in the discussions are successfully carried out. Subjects covered in the discussions leading to a planning agreement are expected to vary from company to company, but the annex to the document proposes a number of possible issues that should be the subject of review and outlines the information the Government would need for them. The general background issues would include economic prospects in Britain and abroad, as well as the company's long-term objectives and its broad strategy for achieving them. Particular aspects of plans for discussion would include sales and sales forecasts, together with the scope for import saving; exports and the possibilities of expanding exports; investment, in which key issues would be the removal of constraints to desirable investment and the location of investment; employment and training, one of the major subjects in planning agreement discussions; productivity; finance, including the effects of inflation; prices policy; industrial relations and arrangements for negotiation and consultation; the interests of consumers and the community; and product and process development, covering the main lines of technological development within which the company would be working and the possibility of making use of Government research facilities or financial support.

In conclusion, the document points out that the Government's first agreement with a company is likely to be limited in coverage and achievement and that it may take two or three years before an agreement reaches a full stage of development. It adds that there would need to be arrangements for modifying the agreement if necessary during the year, where changes in circumstances have major implications for the company's plans, particularly levels of exports, investment and employment.

[1] *The Contents of a Planning Agreement—A Discussion Document.* Obtainable from the Department of Industry, Room 1930, Millbank Tower, London SW1P 4QU.

Employment Medical Advisory Service

REPORT FOR 1973 AND 1974[1]

The Employment Medical Advisory Service (EMAS), set up in 1973 (see p 91, 1973) and now part of the Health and Safety Executive (see p 42), has reported on its work during the first two years of its operation. The report gives details of research being carried out on the effects of some of the potentially hazardous substances involved in work processes including asbestos, vinyl chloride monomer and lead, and also contains the latest statistics on notifiable industrial diseases.

In introducing the report, Dr Suzette Gauvain, acting director of the service, said that while the significance of occupational medicine was becoming more generally appreciated, consideration of occupational causes as an integral part of diagnosis was not yet automatic and, above all, the ability to treat disease which was already established was often valued more highly than the ability to prevent ill health. Dr Gauvain said that the service, which works in co-operation with the national and school health services and with doctors employed in industry, had to strive to act as a focus for the development of occupational medicine in Britain. She hoped that the report would improve public awareness, both inside and outside the medical profession, of the importance of occupational medicine.

The report warned that new measures would need to be developed to identify hitherto unsuspected effects and, moreover, that a rapidly changing technology might give rise to new hazards at a speed which challenged ability to monitor them.

Work of the Service

At the end of 1974 the service included 108 doctors and 64 nurses in its staff of 350, based in more than 50 centres throughout the country. Since its inception it has continued both the supervisory work of

[1] *Employment Medical Advisory Service. A Report of the Work of the Service for 1973 and 1974.* HMSO, £1. ISBN 0 11 880342 5.

Table 1

Report of Industrial Diseases in 1973 and 1974

Number of cases

	Fatal		Total	
	1973	1974	1973	1974
Lead Poisoning				
Smelting of Metals			4	2
Plumbing and Soldering			1	
Ship Breaking			7	
Printing			1	
Other Contact with Molten Lead			6	2
White and Red Lead Works			1	1
Pottery			1	
Vitreous Enamelling				
Electric Accumulator Works			4	5
Paint and Colour Works				1
Coach and Car Painting				
Shipbuilding				
Paint Used in Other Industries				
Other Industries			34	25
Painting of Buildings				
Lead Poisoning Total			59	36
Phosphorus			2	1
Manganese		1		1
Mercurial				4
Arsenical				2
Cadmium			5	2
Beryllium			1	2
Carbon Bisulphide				
Aniline			12	9
Chronic Benzene	1		1	
Toxic Jaundice				
Toxic Anaemia				
Compressed Air			2	1
Anthrax				
Wool				1
Horsehair				
Hides and Skins				
Other Industries			1	1
Anthrax Total			1	2
Epitheliomatous Ulceration (EU)				
Pitch Tar		1	7	5
Mineral Oil	1	1	7	7
EU Total	1	2	14	12
Chrome Ulceration				
Manufacture of Bichromates			44	30
Dyeing and Finishing				
Chrome Tanning				
Chromium Plating			68	35
Other Industries			5	6
Chrome Ulceration Total			117	71
GRAND TOTAL	2	3	214	143

Table 2
Analysis of Gassing Accidents in 1973 and 1974

Number of accidents

	1973		1974	
	Fatal	Total	Fatal	Total
Carbon Monoxide				
Blast Furnace Gas	1	18	2	12
Producer Gas		3	1	3
Town Gas		1	–	2
Other Gas		13	–	9
Ammonia		11	–	10
Benzole			–	–
Carbon Dioxide	4	14	–	2
Carbon Tetrachloride			–	1
Chlorine		63	–	88
Hydrochloric Acid		9	–	5
Hydrocyanic Acid			–	1
Nickel Carbonyl		4	–	1
Nitrous Fumes		5	–	6
Petrol and Benzine			–	–
Phosgene		3	–	10
Phosphorus Oxychloride		3	–	4
Sulphur Dioxide		14	–	9
Sulphuretted Hydrogen		6	–	6
Trichloroethylene	1	20		7
Other Fumes	1	87	3	92
TOTAL	7	274	6	268

the Appointed Factory Doctor Service, which involves the periodic medical examination of workers in certain hazardous trades, and the advisory work of the former Medical Inspectors of Factories, which has been extended to cover a much wider field of employment.

Health Hazards at Work

To safeguard the health of employees who are exposed to potentially hazardous situations at work the service carries out many thousands of medical examinations each year, including statutory routine examinations of people working in particular industrial processes which may involve the use of hazardous substances such as lead, carcinogens or radioactive materials, and examinations of people exposed to physical hazards such as those encountered by divers and compressed-air workers.

The service works particularly closely with the Factory Inspectorate, also part of the Health and Safety Executive, in giving advice to employers, trade unions and workers themselves about actual or potential health hazards at work, in the investigation of industrial diseases notifiable under the Factories Act 1961, and in the investigation of gassing accidents. A detailed analysis for 1973 and 1974 of these diseases and accidents is given in Tables 1 and 2.

Where health hazards at work become a cause of industrial disputes the EMAS co-operates with the Advisory, Conciliation and Arbitration Service (see p 82) on medical questions relating to problems of industrial relations.

Long-term Health Hazards

The EMAS has been active in contributing to measures designed to safeguard the health of workers in three areas which have recently assumed greater importance – deep sea diving, long-term exposure to noise and vibration, and exposure to vinyl chloride monomer used in plastics manufacture.

Notifiable Industrial Diseases

The report shows that the number of cases of notifiable industrial diseases dropped markedly from 214 in 1973 to 143 in 1974 (see Table 1). Gassing accidents showed a smaller drop from 274 in 1973 to 268 in 1974 (see Table 2). On industrial diseases the report includes brief sections on lead, phosphorus, cadmium, beryllium, chronic benzene, mercury and arsenical poisoning, chrome ulceration and anthrax. On gassing accidents, there are sections on carbon monoxide, chlorine, trichloroethylene, carbon dioxide and other gases.

Research

Research in occupational medicine is one of the most important functions of the EMAS (see also p 517, 1973). The report points out that in order to provide advice and information on a scientific basis the service needs, among other matters, to measure the incidence of occupational disease (including diseases arising in new industries or processes), to monitor industrial processes by means of biological measurement and to relate the incidence and type

of disease to measurements of exposure, to understand the aetiological mechanisms involved and to evaluate, if necessary, periodic examinations designed to protect the exposed populations. Research projects may be prompted by information from, or by the initiative of, the EMAS field force, the Factory Inspectorate, both sides of industry, and other members of the medical profession or by study of the scientific literature in related fields.

The report lists the various research activities of the EMAS including a study of asbestos workers (see below), the mesothelioma register, a survey of respiratory disease in Scottish malt workers, a mortality study of workers employed at a factory smelting antimony, respiratory disease in granite workers in Aberdeen, an epidemiological study of lead workers, a study of workers employed in the manufacture of enzyme washing powders, a survey of occupational cancer in the rubber and cable-making industries, surveys of respiratory disease among cotton workers and pottery workers, a survey of occupational cancer related to exposure to vinyl chloride monomer in the manufacture of polyvinyl chloride (PVC), a register of primary liver angiosarcomas and a retrospective case-control study, and other studies related to vinyl chloride (see below).

Asbestos

The study of asbestos workers is given particular emphasis in the report. Some 8,620 people have been examined. The information gained from this study, which it is planned to extend eventually to all asbestos workers, will give a guide to the effectiveness of the current asbestos regulations and the required hygiene standard.

Measurements of asbestos dust in the air showed that 92·6 per cent of samples were below the safety limit of two fibres per cubic centimetre under normal working conditions, while in the majority of the remaining samples this standard was only marginally exceeded and respiratory protective equipment was being used.

Vinyl Chloride Monomer

A mortality study being conducted of workers involved in the manufacture of PVC, and who could therefore have been exposed to vinyl chloride monomer, also receives prominence in the report. (The study was prompted by the discovery early in 1974 that exposure to vinyl chloride monomer was linked to angiosarcoma, a rare cancer of the liver.) By the end of 1974 some 7,400 current and past workers had been identified as suitable for the study. An initial search of all death certificates in England, Wales and Scotland over the 11 years up to 1973 has identified only 34 deaths said to have been due to primary angiosarcoma of the liver; all other cases are to be identified and their occupational histories obtained.

Other Work

The report also includes a summary of the work of EMAS's central reference laboratory, the service's work with disabled people, co-operation with conciliation officers of the Advisory, Conciliation and Arbitration Service (see above), rehabilitation work in conjunction with the Employment Service Agency's Employment Rehabilitation Centres (formerly Industrial Rehabilitation Units, see p 442, 1974), and work with young people, in particular those who are in need of advice before they start work, taking advantage of the existing screening and identification of children with health problems carried out by the School Health Service and the occupational advisory skills of the Careers Service (see *Government Employment and Training Services*, COI, FSB/C14). Some 10 nurses, known as Employment Nursing Advisers, assist EMAS doctors with various medical examinations, and carry out screening tests.

Consumer Protection

REVIEW OF TRADE DESCRIPTIONS ACT 1968

The Government committee set up in February 1974 under the Director General of Fair Trading, Mr John Methven, to review the Trade Descriptions Act 1968, published its provisional conclusions on 13 August.[1] The review was issued as a consultative document and comments were invited from trade associations, consumer groups and other interested organisations.

The document makes suggestions for far-ranging extensions to the scope of the Act. Among the changes proposed is the extension of the Act to cover statements about property and land, including agricultural and building land, commercial properties and flats and houses. Private sellers would not be subject to the Act, but statements made by estate agents and other people in a related trade or business would be liable. New and wider offences are proposed in respect of false statements about services, accommodation and facilities and the document suggests that such offences should be brought into line as far as possible with offences in relation to goods. The document also proposes a number of improvements to the existing provisions in the Act regarding price comparisons. Some suggestions for dealing with misleading price claims have been made recently in the Office of Fair Trading's consultative document, *Bargain Offer Claims* (see p 337), and it is not proposed to include in the Act any general prohibition on the use of misleading representations concerning the price of goods.

It is suggested that the provisions which at present apply only to the price of goods should be extended to cover prices and charges in certain transactions for property and for services, accommodation or facilities.

The committee also made suggestions about the scope and application of the Act and the definition of 'trade description'. It proposed action to make a false statement by an expert an offence where the object of the statement was to persuade someone to enter into a transaction in which the expert had

[1] *Review of the Trade Descriptions Act 1968*. Obtainable from the Joint Secretaries to the Review Committee, Office of Fair Trading, New Court, 48 Carey Street, London WC2A 2JT.

an interest. Another proposed new offence would be to misrepresent the availability of goods. A number of other points are listed in the document on which the committee reached no firm view and on which it would particularly welcome comment. These included the liability of employers for the actions of their employees, the kind of statements about property the Act might cover, and multiple prosecutions for the same offence.

Mr Methven says in his foreword to the document that in the opinion of the committee the Act had mainly done what it set out to do: encourage high standards of truthfulness in describing goods and services. The committee had made a detailed examination of those parts of the Act which had excited the most comment when opinions were sought. It would consider comments made on the consultative documents very carefully and would not hesitate to revise any of its opinions if it were appropriate to do so.

OTHER DEVELOPMENTS

New regulations covering the marking of prepackaged goods were introduced on 6 August. The Minister of State for Prices and Consumer Protection, Mr Alan Williams, described the measures in a written parliamentary reply (*Hansard*, written answers, col 225). The main feature of the Weights and Measures (Marking of Goods and Abbreviations of Units) Regulations 1975 is that from 1 January 1978 both imperial and metric quantity marking will be required on most prepackaged goods. Items sold in prescribed metric quantities are to be marked 'metric pack' with immediate effect. The purpose of the regulations is to enable consumers to identify metric packs easily and make comparisons of value for money (see p 216). A code of practice will be issued to ensure a consistent approach to the dual marking requirement. The only goods exempt from this requirement will be perfumery and toilet preparations, other than soap, which are traditionally marked almost exclusively in metric units.

Other measures to help shoppers to make price comparisons were announced on 6 August by the Parliamentary Under-Secretary of State for Prices and Consumer Protection, Mr Robert Maclennan (*Hansard*, written answers, cols 223-4). Mr Maclennan said that the Government had embarked on a programme of orders for price display, including unit pricing (price per pound or other unit) and for other measures designed to facilitate price comparison (see p 270). As a first step in this programme an order had been made which would require the price to be shown for all fresh fruits and vegetables from 1 November. This would widely extend unit price marking in greengrocers' shops. A pilot scheme for unit price marking for all normal retail cuts of meat was to start on 1 October, following discussions with representatives of the meat trade and of enforcement authorities. During the next six months the Government hoped to lay orders which would result in the extension of unit pricing to prepacked frozen fish, to certain popular cheeses and to prepacked food sold from vending machines.

Additional finance totalling £1·4 million is being made available by the Government for establishing Consumer Advice Centres throughout Great Britain. The Department of Prices and Consumer Protection has sent a circular to local authorities inviting them to submit applications by 31 October 1975 for grants for setting up centres. At the beginning of September there were over 60 centres throughout the country and plans are in hand for 80 to be open by the end of 1975. The grants for those projects which are accepted will cover the setting up costs of the centres and running expenses up to March 1977. After that time local authorities will finance the new centres in the same way as existing consumer advice centres. The Government's intention to encourage the establishment of more centres was announced in the White Paper, *The Attack on Inflation* (see p 270). Services offered by the centres include information and display lists about local prices, pre-shopping advice, help with all kinds of consumer problems, advice about consumers' rights and consumer education.

The Office of Fair Trading and the Society of Motor Manufacturers and Traders (SMMT) jointly announced in June that the SMMT had accepted in principle the adoption of a code of practice for the motor industry (see p 294). The SMMT told the Office of Fair Trading that it would now work on detailed proposals for the formation and financing of a conciliation and arbitration scheme covering the industry to deal with the more intractable complaints which could not be resolved directly between the two parties concerned. The scheme was intended to cover the sale of new and used cars, repairs and servicing, and would involve discussions with the Motor Agents' Association. The Scottish Motor Trade Association (SMTA) is pioneering a plan to give the motorist better protection in secondhand car purchases.

Improved safety regulations, made under the Consumer Protection Act 1961, for a number of products have been announced recently. New regulations for oil heaters were proposed on 22 July by Mr Williams (*Hansard*, written answers, col 155). The main feature is a provision requiring oil heaters to extinguish themselves on being overturned. Manufacturers in Britain have been meeting this requirement for some time, but the revised regulations will also prevent the sale of older secondhand heaters which do not incorporate this safeguard. The Government published on 5 August new regulations limiting the lead and cadmium content allowed in glazed ceramic ware. These regulations will be enforced by local weights and measures authorities. On 21 August the Department of Prices and Consumer Protection published proposals for new regulations governing safety requirements for domestic electrical equipment. These Electrical Equipment (Safety) Regulations apply to all equipment for domestic use offered for sale or letting in Great Britain in the course of business, and the Department of Prices and Consumer Protection, with the advice of the recently created Advisory Committee on the Safety of Household Electrical Equipment, is to publish administrative guidance before 1 October listing standards that afford the degree of safety required. The regulations come into effect on 1 April 1976 for manufacturers and importers and 1 October 1976 for wholesalers and retailers.

Offshore Equipment

ORDERS PLACED IN 1974

The value of orders placed by companies with offshore oil and gas operations on the British Continental Shelf doubled in 1974 to nearly £1,300 million, according to an analysis prepared by the Department of Energy's Offshore Supplies Office (OSO), published on 7 August.[1] Inflation and 'an exceptionally high level of commitment' in the final quarter of 1974 were mainly responsible for the substantial increase. Expenditure by companies in 1974 was estimated at £830 million, compared with £360 million in 1973.

A detailed breakdown of orders by goods and services is given in the table. The British content of orders was 40 per cent of the total. It was substantially higher for capital goods than for services primarily because of the low British involvement in exploration drilling, pipelaying and offshore installation. Excluding those sectors where British firms had at that time little or no involvement, the British share of orders was about 55 per cent (an estimated 70 per cent where capability and capacity were available).

Orders Placed by Offshore Operating Companies in 1974

	£ million	British share[1] per cent
Capital goods:		
Concrete production platforms	161	37
Steel production platforms	87	64
Modules and other fabrications	187	50
Power generation equipment	22	83
Pumps, compressors and process plant and equipment	26	69
Pipes	85	7
Pipe coating	26	90
Pipe fittings and casing	45	46
Communications equipment	8	85
Wellhead and completion equipment	9	61
Safety equipment	4	95
Total capital goods	**660**	**47**
Services:		
Exploration and drilling	173	31
Pipelaying	127	18
Installation operations	123	6
Diving	7	42
Helicopter and air services	13	60
Marine transport	21	55
Other services	69	66
Total services	**534**	**29**
Design and consultancy	**85**	**60**
Total	**1,279**	**40**

Note: Sums of the component parts may differ from the totals because of rounding.

[1] The British content of orders is approximate because of difficulties in carrying out a detailed assessment.

British firms were most successful in winning orders for capital goods and in some sectors, such as process plant and electrical equipment, secured very high proportions of the available business. The report notes that British industry has achieved many notable successes, for example, the two platforms recently completed for the Forties field (see p 281) were finished ahead of schedule, while many other sectors of manufacturing industry have been similarly successful. However, in some cases delays have occurred through changes in design, late delivery of components and industrial disputes. Industrial relations difficulties initially caused significant delays in the delivery of some major structures, but relations have improved considerably, while some construction sites have 'impeccable' records.

The OSO, which is responsible for ensuring that British industry has the opportunity to compete effectively in the offshore equipment market and for promoting worthwhile new ventures, has encouraged the establishment of British interests in drilling and pipelaying and the strengthening of the diving industry. There will shortly be eight large semi-submersible drilling rigs and four drill ships under substantially British ownership. The OSO has assisted a wide range of small companies in adapting their capabilities or co-operating with other firms to meet the requirements of the offshore industry. Many companies have benefited from close collaboration with United States or European firms which have made valuable contributions to British capability.

PRODUCTION PLATFORMS

The Secretary of State for Energy, Mr Anthony Wedgwood Benn, said in the House of Commons (*Hansard*, 29.7.75, written answers, cols 449-50) that the Government estimated that the number of oil and gas production platforms ordered for use in the British sector of the North Sea by the end of 1980 would range between 43 and 61 and was expected to be some 53. Mr Benn also gave details of financial assistance to the Anglo-Dutch Offshore Concrete Company for the development of a platform fabrication site at Hunterston (Strathclyde). Under the Offshore Petroleum Development (Scotland) Act 1975 the Government would guarantee the repayment of advances to the company up to a maximum of £11·5 million together with interest payments. The guarantee would lapse when the company had won a platform order for the site. The Government would be taking the site into public ownership. Mr Benn said that he was satisfied that Britain now had adequate capacity to provide all the platforms required for oil and gas production on the British Continental Shelf. (There are now eight production platform sites in Britain, four for producing concrete platforms – including Portavadie which is also being financed by the Government – and four for steel platforms.)

Steel Industry

Some recent developments concerning the British Steel Corporation (BSC) are summarised below. They include a report on the organisation of the

[1] *Offshore Oil and Gas: A summary of orders placed by operators of oil and gas fields on the UK Continental Shelf during 1974.* Department of Energy. HMSO, 30p. ISBN 0 11 410247 3.

BSC, and a review of steel closures in Scotland with a subsequent statement by the Secretary of State for Industry.

ORGANISATION REVIEW

Proposals for the reorganisation of the BSC's iron and steel product divisions are described in a report by the corporation,[1] published in August. The corporation is required by the Iron and Steel Act 1967 to review its organisation, and report its conclusions to the Secretary of State for Industry, whenever this seems to the corporation or the Secretary of State for Industry to be required; and the corporation is required to consult the trade unions before reaching its conclusions.

The report states that the corporation was led to conduct such a review as a result of developments both since its present organisation was established in April 1970 and in prospect. It has consulted the Trades Union Congress Steel Industry Consultative Committee, comprising representatives of all the production and craft unions in the corporation, and has also consulted the Steel Industry Management Association, and has taken into account the views expressed by these bodies.

Background

The corporation's continuing aim in reviewing its organisation has been to ensure that its structure is that best fitted to serve its basic objective. This objective, says the report, has remained fundamentally unaltered since the corporation was formed in 1967. It is 'to achieve the maximum long-term return on its capital employed, consistent with strengthening its marketing and technological position in the world steel industry, and particularly in the European Community; providing industry in Britain with products that are competitive in price, quality and service; ensuring the efficient and socially responsible utilisation of human resources; and ensuring the socially responsible conduct of its activities as they affect the physical environment and the general life of the community'.

The organisation established in 1970 consisted essentially of a system of product divisions. This recognised that steel products fell into several broad categories; and that the sales of steel, the optimum distribution of current orders among the production facilities, and the planning of future production capacity, all needed to be carried out on a product basis. This remains true, says the report. In 1970 the broad product categories were to a great extent also manufactured in distinct plants. A system of product divisions, responsible for manufacturing as well as sales, could therefore be established and operated without significant 'overlap'. The system of product divisions enabled the corporation to delegate responsibilities for complete sectors of its business to a level of general management below top management and thus to establish its product divisions as profit centres, which were able to operate relatively independently to maximise profits, subject to various constraints needed to ensure that the overall interests of the corporation, as a single business entity, were secured.

[1] *Organisation Review 1975*. HMSO, 28p. ISBN 0 10 026045 4.

The corporation, says the report, continues to attach great importance to the concept of profit centres, especially where such areas of activity can be identified as distinct businesses, and states that there are some areas of its activities where a system of profit centres can and should continue to prevail. These include the manufacture and sale of specialised iron and steel products, the corporation's other manufacturing activities such as constructional engineering and chemicals, and the two main subsidiary holding companies (see p 363).

However, for the bulk of the corporation's iron and steel business, circumstances have changed considerably since the product divisions were established as profit centres. Three main changes are singled out. First, the present and prospective development of the BSC's steel production facilities under its development strategy will result in multi-product plants in certain of its major centres, for example, on South Teesside and at Ravenscraig. Secondly, experience since 1970 has already made it necessary, in practice, to increase the constraints on the commercial autonomy of the product divisions so as to ensure an overall control on manufacture and marketing. Thirdly, the concentration of steel production into a small number of main centres, in line with the corporation's development strategy, requires that the necessary degree of control should be exercised directly over these centres.

These changes, says the report, provide good reasons for constituting the main steelmaking centres themselves as iron and steel divisions, having the function of manufacturing in accordance with a general production plan and in response to specific orders.

Organisation of Main Steelmaking Sector

The BSC intends to replace most of its product divisions, acting now as profit centres, by five iron and steel manufacturing divisions, acting in future as cost or perfomance centres. The new divisions correspond to the main steelmaking centres of the future, namely, Ravenscraig, South Teesside, Scunthorpe, Sheffield/Rotherham, and Port Talbot/Llanwern. The five divisions, with their headquarters in brackets, will be Scottish (Glasgow), Teesside (South Teesside), Scunthorpe (Scunthorpe), Sheffield (Sheffield) and Welsh (Cardiff).

In addition to the five main steel production centres, certain smaller steelworks, and also non-integrated rolling mills will continue to operate under the corporation's development strategy. These works, unless within one of the continuing or new profit centres, will be allocated to one or other of the five manufacturing divisions, on the basis either of geographical proximity or affinity of product.

Each division will be in the charge of a managing director. He will be assisted by line-management and functional directors and also by employee directors.[1] All these directors will sit on a divisional management committee, which will advise the managing director.

The report says that it will be of great importance to ensure that there is no separation between this

[1] The scheme for the appointment of employees as part-time directors began in 1969.

manufacturing operation, organised on a divisional basis, and the sales and production planning functions to be organised in future on a more unified basis across the corporation. To secure the necessary integration the system for handling orders, and allocating them to the manufacturing divisions in accordance with broad production and commercial plans, will be operated through four product units. Each of these will be located in or close to one of the major steelmaking centres especially relevant to the particular group of products.

The four product units, with their location in brackets, will be plates (Glasgow), heavy and medium sections (Teesside), billets and billet-derived products (Sheffield/Scunthorpe area), and strip mill products (Newport).

The commercial headquarters for the group of products concerned, in the charge of a product commercial director, will be sited alongside the product unit. This director will be responsible (in the line of management) to the managing director commercial, at the corporation's head office, but will also be a member of the management committee in the adjacent manufacturing division, thus helping to integrate the manufacturing and sales activities. Moreover, he will chair a multi-functional business team for his main products, which will consider cost, price, the competitive environment and profitability of those products, and will draw together production, sales and other staff.

Customer service staff will provide a link between manufacturing and sales. They will be present at all works, and their objective will be to establish the best possible relationship between works and customer.

Finally, those responsible for the manufacturing and commercial functions and others will be jointly involved in the business planning activities.

Another function which will continue to be approached on a product basis is the planning of future capacity. Development planning units will therefore be established for the main product groupings.

The report states that in future the principal laboratories of the corporation will be brought under unified control and each will have the dual role of providing technical support for the local works and carrying out advanced research and development tasks of a specific nature. The objective will be to ensure that line-management makes full use of the technical resources available to it and, conversely, that technical resources are channelled in the best direction.

Regional Considerations

The creation of the five new manufacturing divisions based on the main steelmaking centres will improve the corporation's ability to deal with certain matters on a regional basis. For example, the BSC's main works in Scotland will for manufacturing purposes fall in future within the Scottish Division, with its headquarters in Scotland; and the pattern will be similar in Wales.

General policies and programmes will be formulated and executed in terms of the corporation as a whole to secure the optimum benefit to the BSC but within these constraints the Scottish Division will handle such matters as labour relations; the co-ordination of raw material flows and manufacturing operations; and the submission, monitoring and control of investment programmes. The managing director of the Scottish Division will also provide in future a single focus for relations with the Government and other organisations in Scotland on these and other matters generally affecting the operation of the BSC's works there. The same will be true of the Welsh and other divisions.

Organisation of Profit Centres

The executive in charge of each of those profit centres which has no product connection with a particular iron and steel manufacturing division will report direct to the appropriate individual in the BSC's head office; these profit centres will comprise BSC (International) Ltd, BSC (UK) Ltd (the two main subsidiary holding companies), Redpath Dorman Long Ltd, BSC (Chemicals) Ltd, tubes, steel stockholding and refractories.

The executive in charge of each of the remaining profit centres (tinplate, stainless flat products, forges, foundries and engineering, light products, electrical steels and fabricated products) will be accountable for profits to the managing director of the iron and steel manufacturing division having the closest product affinity to the profit centre's business and the latter will in turn be accountable for profits to the chief executive for the profit centre. Thus the managing director's role in respect of the profit centres will be quite distinct from that in relation to the bulk steel manufacturing performance of his division.

The profit centres will be subject to the minimum degree of constraint needed in the interests of the corporation as a single business entity. The precise degree of constraint will vary according to the nature of the profit centre.

Responsibilities of Board Members

The corporation took the opportunity of its review of its organisation to revise and simplify the allocation of executive responsibilities among the board members in its top structure and made changes with effect from 1 February 1975. The chairman has delegated certain of his executive responsibilities which do not directly relate to the BSC's iron and steel business, including overseas sales. These responsibilities which have been allocated to board members are: the non-iron and steel business in Britain and financial policy; overseas activities (other than sales) and international affairs; and other activities, including measures for securing the provision of new employment opportunities in localities where steelmaking will be contracted.

The chief executive is directly responsible for the BSC's iron and steel product divisions and will, under the new organisation, also be directly responsible for each of the five iron and steel manufacturing divisions and for the tubes profit centre.

Employee Participation

The corporation is to continue its scheme of employee directors, some of whom will be appointed to join with full-time line and functional directors in advising the managing directors of its new

manufacturing divisions and main profit centres. It is also intending to extend the same concept to other levels within the organisation.

Implementation

The report concludes by saying that much detailed work remains to be done before these proposals can be brought fully into operation. It is therefore expected that the new organisation will not be formally implemented until the end of March 1976.

STEEL CLOSURES REVIEW

A report on steel closures in Scotland by Lord Beswick, Minister of State at the Department of Industry, was presented to Parliament on 6 August (*Hansard*, cols 517-24). The report is the second in the course of the Department of Industry's Steel Closure Review. An interim report was published in February (see p 69).

Lord Beswick says that because of the close interconnection which exists between the BSC's plants in Scotland, he has had to consider not only the individual closure proposals but also how those proposals would affect the corporation's wider plans for developments in Scottish steelmaking.

The general terminus quay for ore handling in Glasgow is to be closed in view of the development of the larger and more efficient ore terminal at Hunterston.

The Clyde iron works are to be closed once the open hearth furnaces have closed (see below) and adequate new supplies of iron are available in Scotland. The BSC has agreed that the final closure date will not be before January 1980 so as to maximise opportunities for employees affected to obtain alternative jobs.

Open hearth steelmaking at Clydebridge, Dalzell, Lanarkshire, Ravenscraig and Glengarnock will be closed once alternative supplies of steel for the related product mills have become available from more modern and efficient plant in the area. The date of closure has been deferred (in all cases except Glengarnock), to between July 1977 and January 1978. Glengarnock will not close before January 1980; thereafter closure will be dependent on steel supplies coming from a new electric arc furnace at Hunterston.

The Clydebridge slabbing mill will close and primary rolling at Glengarnock will cease in view of new capacity elsewhere. Moreover, the Dalzell light section mill and bar mill will close with the closure of the Dalzell open hearth plant in 1977-78.

The BSC has decided to keep the Hallside billet mill and the Craigneuk bar mill, both of which produce 'special steel', in operation into the 1980s.

The BSC is to review the case of the Hamilton iron foundry and closure will not be confirmed pending the outcome of a market survey.

The review confirms that the Tollcross steel foundry should be closed in view of the redevelopment and expansion of the Craigneuk steel foundry nearby.

The report states that the BSC proposes to build at Hunterston two direct reduction units for making iron.

The report notes that the corporation, like the Government, is committed to a target of 4·5 million tonnes of steel capacity in Scotland by the early 1980s, including up to a million tonnes of new electric arc capacity. To achieve this capacity the BSC proposes to build an electric arc plant at Hunterston which will produce continuously cast blooms for rolling at Glengarnock. The corporation is also prepared to uprate the capacity of the electric arc furnace at Hallside. To offset the social effects of the closures of the open hearth furnaces, the BSC proposes to build a new electric arc plant at Ravenscraig. These developments will provide an additional 600,000 tonnes of electric arc capacity in Scotland, bringing the BSC's steel capacity in Scotland to 4·2 million tonnes.

The corporation proposes to expand its capacity for producing threaded pipe for the casing of oil and gas wells by new investment of £25 million at the Clydesdale works near Motherwell and at the Imperial works in Coatbridge. This will yield a better balanced and more economic operation and will enable the corporation to continue to supply the major proportion of the North Sea market for casing.

The 1973 White Paper on the BSC's Ten-year Development Strategy (see p 127, 1973) envisaged a net reduction of 6,500 jobs in Scotland over the period of the strategy. The corporation subsequently predicted a gross loss in job opportunities of about 7,000 to be partially offset by 2,400 new job opportunities, giving a net job loss of about 4,600. The review's recommendations and the corporation's proposals for new investment will reduce the net job loss to about 2,100.

The report concludes by affirming the policy of the Government to ensure that everything possible is done to provide alternative employment in areas affected by closures. The redundancies in the steel industry, says Lord Beswick, must be taken in the context of the general employment situation in west central Scotland. The BSC is already pursuing a number of policies aimed at attracting new industry to the area. The Cambuslang project, announced by the Minister of State at the Scottish Office on 30 June, provides a good example of co-operation between Government, local authorities and the BSC. A determined effort will be made to attract new industry to this site in conjunction with land reclamation and the development of new factories by the Scottish Development Agency once it is established (see p 106).

Statement by the Secretary of State for Industry

Commenting on Lord Beswick's review of steel closures in Scotland, the Secretary of State for Industry, Mr Eric Varley, announced in the House of Commons (*Hansard*, 6.8.75, cols 507-17) the Government's acceptance of the review's recommendations. He said that it left outstanding only the proposed closures at Shotton, and the Hartlepool and Consett plate mills. No conclusion had been reached on the Shotton works and in the case of the plate mills the Government was awaiting the outcome of discussions between the BSC and the workforces about alternative proposals which would preserve the future of these mills.

After outlining the report's proposals, Mr Varley stated that the Government would strengthen its

attack on the industrial and environmental problems in the areas affected. He said that as a result of this review he believed the Scottish steel industry would be more balanced and eventually emerge stronger and more competitive and so contribute to the British economy.

Construction Industry

Some recent developments in the construction industry are summarised below. They include advice given by the Government to local authorities and building owners on high alumina cement concrete in buildings, Government support for the new voluntary Demolition and Dismantling Industry Register and the formation of a Construction Exports Advisory Board.

High Alumina Cement Concrete in Buildings

The Department of the Environment has written to local authorities in England advising them that the great majority of houses and flats containing high alumina cement concrete need not be subjected to structural appraisal. This advice follows recommendations contained in a report,[1] published in August, of a sub-committee of the Building Regulations Advisory Committee, under the chairmanship of Mr C. B. Stone. The report by the sub-committee was produced in response to concern following the collapse of a high alumina cement concrete roof beam in a school in London in 1974. The Department of the Environment has accepted the report's recommendations and in commending them to local authorities has also asked that they be brought to the attention of building owners and other interested parties.

The sub-committee's report also includes detailed guidance for structural engineers on methods of appraising buildings containing high alumina cement concrete.

The letter to local authorities draws their attention to the section of the report which recommends that in buildings consisting solely of houses, maisonnettes and flats, floors and roofs of standard factory-produced joists up to ten inches in depth, which is the maximum size used in such construction, may, with certain exceptions, be considered safe and exempt from appraisal. The exceptions relate to buildings of more than four storeys, certain types of roof construction and buildings which have persistent leakage or sustained heavy condensation.

The department's letter emphasises that the recommendations do not apply to buildings containing offices and shops as well as dwellings.

Demolition and Dismantling Industry Register

The Minister for Housing and Construction, Mr Reginald Freeson, announced in August the Government's decision to support the new voluntary Demolition and Dismantling Industry Register by restricting Government demolition contracts of over £1,000 in value to firms on the register, subject to certain qualifications agreed with the Registration Council. The register was created by the Demolition Industry Conciliation Board but is now established under an independent Registration Council whose members come from both the employers and the trade unions in the industry.

A circular issued in August by the Department of the Environment and the Welsh Office[1] to local authorities in England and Wales, recommends them to follow the Government's decision. The aim of the register is to eliminate the use of lump labour[2] in the demolition industry, to improve safety and working conditions and to encourage adequate training.

The circular says that the department recognises that it would be unreasonable immediately to stop using firms on a local authority's standing list because they were not registered. It proposes that a moratorium of six months be allowed to give such firms the opportunity to join the register. At present there are 224 firms on the register representing some 70 per cent by value of the annual output of the demolition industry and covering most parts of England and Wales.

The circular outlines the new registration scheme which is open to any firm in the industry which pays the appropriate fee and agrees to observe the British Standard Code of Practice on Demolition; to observe the appropriate nationally agreed working rule agreements which contain a declaration of intent that all operatives should be in direct employment; and to operate appropriate safety training schemes (normally the Construction Industry Training Board safety training schemes).

The Registration Council is establishing independent machinery to consider appeals from firms refused registration.

Construction Exports Advisory Board

The Minister for Housing and Construction, Mr Reginald Freeson, announced in the House of Commons on 7 August (*Hansard*, written answers, cols 378-9), the formation of a Construction Exports Advisory Board. The board will advise the Secretary of State for the Environment and the Secretary of State for Trade on the selection of firms or groups of firms to pursue particular construction projects overseas; and, generally, on ways of harnessing additional resources in the construction industry and professions to meet export opportunities.

The Minister said that the new advisory board would be jointly serviced by the Departments of the Environment and Trade, and would provide a common focus for the former's responsibilities for sponsorship of the construction industries and the latter's responsibilities for exports generally. Mr Freeson stated that he had created within his own department a new directorate on the construction industry to concentrate on overseas sponsorship of the British construction industry, and particularly on exports. He said that he believed these arrangements

Building Regulations Advisory Committee. Report by Sub-Committee P (High Alumina Cement Concrete) BRAC (75) P40. August 1975. Copies available from the Department of the Environment (BRA), Caxton House, Tothill Street, London SW1H 9LZ.

[1] *Demolition and Dismantling Industry Register*, Department of the Environment Circular 75/75, Welsh Office Circular 136/75, obtainable free from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

[2] The practice of 'labour-only sub-contracting', commonly known as 'the lump', whereby self-employed men contract, usually informally, to complete a specified piece of work for a lump sum, has led to certain abuses, particularly the evasion of tax and national insurance contributions (see p 197).

were necessary to secure the participation of the British construction industries and professions on an even wider scale than hitherto in overseas construction markets, and he hoped that they would be welcomed by the industry as an assurance of the Government's intentions to further their export efforts.

Gas

GAS CORPORATION'S ANNUAL REPORT

Although there was no improvement in the financial position of the British Gas Corporation (BGC) in the year ended 31 March 1975, sales of gas reached a record level and further progress was made in the programme of conversion to natural gas, according to the corporation's annual report and accounts, published on 30 July.[1]

Financial Results

Turnover of the corporation and its subsidiary and associated companies rose by 24 per cent to £1,206·7 million in 1974-75. Operating costs amounted to £1,100·6 million, resulting in a trading profit of £106·1 million after depreciation. After adding other income and paying interest charges of £162·8 million, the corporation's net loss was £44·2 million, compared with £41·3 million in 1973-74. The report notes that the results were affected by the high rate of inflation which increased costs substantially, while restraints on the domestic price of gas, which rose at a lower rate than the prices of other fuels and the retail price index, adversely affected income. Gas price increases at the beginning of 1975 were too late in the year to affect significantly the corporation's performance in 1974-75. The corporation is being reimbursed for its loss of £42·3 million (excluding subsidiary and associated companies) as compensation for price restraint under the Statutory Corporations (Financial Provisions) Acts (see pp 272-4).

Consumption

The quantity of gas available was 13,692 million therms,[2] of which nearly 97 per cent was natural gas. Natural gas now supplies some 16 per cent of Britain's primary energy consumption. Sales of gas rose by 12·6 per cent to a record 12,932 million therms in 1974-75. Sales to domestic users represented 44 per cent of total sales and were 13·4 per cent higher than in 1973-74, mainly as a result of the strong demand for gas central heating. Gas is now the leading fuel in the domestic market; in 1974-75 it took 36 per cent of the market in terms of heat supplied to final users. Industry accounted for 46 per cent of sales in 1974-75 and commerce 10 per cent. During 1974-75, 1·7 million customers had their appliances converted to run on natural gas and by March 1975, 11·9 million of the 13·7 million customers were using natural gas.

[1] *British Gas Corporation.* Annual report and accounts 1974-75. BGC. HMSO, £1·50. ISBN 0 903545 22 5.

[2] 1 therm = 25,200 kilocalories = 105,506 kilojoules.

Investment

Capital expenditure by the corporation and its subsidiaries rose from £137·3 million in 1973-74 to £238·7 million in 1974-75. The corporation continued to participate in offshore and onshore exploration, and the first natural gas discovery off the west coast of Great Britain was recorded (see map, p 203). Gas from the Rough field will probably be landed in the winter of 1975-76 at Easington (Humberside) where plant is being extended. Supplies of gas from the Frigg field will be available in 1977 and from the Brent field in 1979-80 (see p 281). The land terminal for gas from these fields at St Fergus (Grampian) and the initial pipelines are being constructed by the corporation and will be completed during 1976. Pipelines will serve Scotland and northern England. Between March 1974 and March 1975 the number of gasworks was reduced from 61 to 50, while several works formerly making town gas were converted to producing substitute natural gas (SNG: see below) in the peak periods and more plants are to be converted.

Research and Development

Expenditure on research and development was £11·7 million in 1974-75. Technical support was provided for the 12 plants overseas producing SNG from the corporation's catalytic rich gas process. A development of this process has enabled kerosene to be used instead of naphtha, while long-term research is concerned with extending the range of feedstocks which can be used, improving the processes and reducing capital costs. Sponsored work on producing SNG from coal is being undertaken at the Westfield Development Centre (Fife) which has been set up to develop and demonstrate commercially new processes for coal gasification and gas treatment. Successful trials were carried out for the production of SNG from 'lean' gas produced from coal in a Lurgi gasifier and some of this SNG was supplied to customers in Scotland. A £4 million slagging gasifier project in progress at Westfield is being sponsored by 15 North American companies. Research into pipelines with a larger diameter is of long-term interest with the prospect of substantial supplies of gas from the northern North Sea. Full-scale testing of pipes with a diameter of up to 4 feet (1·2 metres) is being undertaken for a European Coal and Steel Community joint user/manufacturer research group. New materials, such as plastics, are being developed for pipes, and more economic methods of joining steel pipes are becoming established.

Electricity

Although higher electricity sales and improved thermal efficiencies were achieved in 1974-75, the various bodies concerned with electricity generation and distribution in Great Britain – in England and Wales the Central Electricity Generating Board (CEGB) and the Electricity Council, and in Scotland the South of Scotland Electricity Board (SSEB) and

the North of Scotland Hydro-Electric Board (NSHEB) – recorded financial losses, according to their annual reports and accounts.[1] The boards' finances were affected by price restraint, substantially increased costs, especially of primary fuel, and high rates of interest.

ENGLAND AND WALES

Financial Results

In 1974-75 the income of the electricity industry (the Electricity Council, the CEGB and the area electricity boards) rose by £674 million to £2,656 million, of which £2,438 million arose from sales of electricity and £205 million from contracting and sales of appliances. There was an operating profit of £128 million, but after net interest payments of £386 million, the loss was £258 million, compared with £176 million in 1973-74. The Electricity Council hopes that in 1975-76 the industry's losses will be virtually eliminated as a result of higher charges. In March 1975 net assets were valued at £5,891 million and in 1974-75 the rate of return on net assets was 2·3 per cent.

In December 1974 the Secretary of State for Energy announced the establishment of a committee of inquiry to examine the structure of the industry in England and Wales.

Output and Sales

The CEGB's power stations supplied 210,948 million kilowatt-hours (kWh) of electricity in 1974-75, 4·6 per cent more than in 1973-74. Coal and oil-fired power stations supplied 88·7 per cent, nuclear stations 11 per cent and gas turbines 0·4 per cent. Thermal efficiency of non-nuclear stations rose from 29·83 per cent to 30·6 per cent resulting in a saving of £28 million in fuel costs. A provisional level of 31·5 per cent was recorded in February 1975, the highest ever achieved by the CEGB. Fawley's oil-fired station recorded the highest thermal efficiency in 1974-75, 35·82 per cent. The CEGB's eight Magnox nuclear stations maintained a high standard of performance and nuclear power stations provided electricity more cheaply than conventional stations owing to the higher costs of coal and oil. In the ten years to the end of March 1975 productivity grew substantially as business increased and the number of employees fell by 24 per cent to 172,500.

Sales of electricity were 195,944 million kWh in 1974-75, of which domestic customers took 41 per cent, industry 39 per cent and commerce 15 per cent. They were at a relatively low level because of the mild winter, the industrial recession and public awareness of the need for energy conservation. Nearly all types of domestic appliance recorded lower sales.

[1] *Central Electricity Generating Board.* Report and accounts for the year ended 31 March 1975. CEGB. HMSO, £1. ISBN 0 902543 38 5. (See also CEGB *Statistical Yearbook 1974-75.* CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU. Free (limited). ISBN 0 902543 39 3.) *The Electricity Council.* Annual report 1974-75. The Electricity Council, 30 Millbank, London SW1P 4RD. Free (limited). ISBN 0 85188 040 1. (See also *The Electricity Council: Statement of Accounts and Statistics 1974-75.* The Electricity Council. HMSO, £1·80. ISBN 0 85188 041 X.) *South of Scotland Electricity Board.* Report and accounts 1974-75. SSEB, Cathcart House, Glasgow G44 4BE. Free (limited). *North of Scotland Hydro-Electric Board.* Report and accounts 1974-75. NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE. Free (limited).

Capacity and Investment

Capital investment by the CEGB and the area boards totalled £514 million in 1974-75, of which the CEGB accounted for £350 million including £163 million on conventional and £74 million on nuclear power stations. Some 1,797 megawatts (MW) of new plant were commissioned, representing an output capacity of 1,735 MW, and by March 1975 the CEGB's maximum output capacity of its 168 power stations was 58,523 MW. Two 660 MW units at Drax (North Yorkshire) were commissioned, and a third at Drax and a 500 MW unit at Didcot (Oxfordshire) were synchronised. The first of two prototype industrial gas turbine units of British design and manufacture was installed at Leicester; these are being assessed in comparison with the board's gas turbine units based on aircraft engines. Construction work was in progress on several power stations and in February 1975 the CEGB received planning consent for a steam generating heavy water reactor (SGHWR) station at Sizewell 'B' (Suffolk) as part of the Government's initial SGHWR programme (see pp 280-1, 1974). Forecasts of future maximum demand for electricity have been reduced and the CEGB announced in March 1975 that no new conventional fossil-fired power stations would need to be ordered before 1978.

Research and Development

Research and development expenditure amounted to £28·9 million in 1974-75. Nuclear research, which forms a major part of the research programme, was reassessed following the Government's decision to proceed with the SGHWR; a 'very significant' effort is being maintained on fast reactors (see *The Fast Breeder Reactor,* COI, NST/40). Wave-power is the only alternative method of power generation considered feasible at present and the CEGB began a small research programme, taking into account Government-sponsored work at the National Engineering Laboratory and Edinburgh University. The concept of 'integrated environmental design' for commercial buildings, in which use is made of heat generated by lighting, machinery and people, has been promoted by the Electricity Council to encourage more efficient use of energy.

Overseas Consultancy Service

Requests for assistance from overseas Governments and electricity authorities increased and the Overseas Consultancy Service dealt with inquiries from, or was actively engaged in the provision of services to, 47 countries.

SOUTH OF SCOTLAND

In 1974-75 the SSEB's income was £221·7 million and it achieved an operating surplus of £33·3 million. However, after interest payments of £53·7 million, the loss was £20·4 million, about twice that of the previous year. Average net assets were £643·5 million and the rate of return was 5·2 per cent. The board's power stations produced 20,407 million kWh of electricity, of which 53 per cent came from the 2,400 MW station at Longannet (Fife). Sales were 17,734 million kWh, slightly above the depressed level of 1973-74, and the number of customers was

1·5 million in March 1975. Thermal efficiency of the board's conventional steam stations averaged 31·8 per cent.

Output capacity remained at 5,785 MW, but at the end of March 1975 three small stations were closed. Two power stations under construction were the advanced gas-cooled nuclear reactor station at Hunterston 'B' and an oil-fired station at Inverkip, both in Strathclyde. The first 660 MW unit at Hunterston 'B' will be commissioned later in 1975. The SSEB has been given statutory consent for an SGHWR station at Torness (Lothian), which is expected to be in operation by the early 1980s. A study is being undertaken with consultants to assess the viability of combining district heating with electricity generation using a redeveloped power station site at Pinkston (Glasgow).

NORTH OF SCOTLAND

The NSHEB's net loss of £2·3 million in 1974-75 was £0·4 million less than in the previous year. Income totalled £84·6 million and expenditure £66·9 million, resulting in a trading surplus of £17·7 million, compared with £15·1 million in 1973-74, before interest payments of £20 million. Average net assets were worth £330·7 million and the net return was 5·6 per cent, compared with 5·1 per cent in 1973-74. Capital investment nearly doubled to £32·2 million in 1974-75.

In 1974-75 the NSHEB's stations, which had an installed capacity of 2,150 MW, produced about 4,600 million kWh, of which 64 per cent came from hydro-electric stations, and the NSHEB purchased 2,927 million kWh from the SSEB. Electricity sales at 6,848 million kWh were 3·3 per cent higher than in 1973-74. Nearly 9,000 new consumers were connected, bringing the number to 486,000, and new connections are expected to increase as a result of housing schemes in north-east Scotland and the Cromarty Firth area to meet the needs of the offshore oil and gas industry. The two 150 MW sets at the board's second pumped storage station at Foyers on Loch Ness, which is semi-automatic and remotely controlled by radio link from the control centre at Fort Augustus, came into operation. Major civil engineering contracts were placed for the 1,320 MW oil/gas-fired power station at Peterhead (Grampian). Larger diesel generator sets are replacing old units on the major islands. The main transmission system is being strengthened in the north-east to meet industrial expansion; a 275 kilovolt sub-station is under construction at Keith (Grampian).

Civil Aviation

POLICY REVIEW

In a statement on future civil aviation policy, the Secretary of State for Trade, Mr Peter Shore, announced in the House of Commons on 29 July (*Hansard*, cols 1502-12) that there would be some changes in the conditions under which the 'second force' airline, British Caledonian Airways, operated, and that permission would not be given to Laker Airways to introduce its proposed *Skytrain* service (see p 110).

Background

Mr Shore said that the Government's civil aviation policy largely reflected the recommendations of the Edwards Committee in 1969 (see pp 475-7, 1969) when it had appeared that the industry would expand rapidly throughout the 1970s. However, the civil aviation industry throughout the world had suffered severely from the energy crisis and the consequent economic recession. Traffic carried by British airlines had fallen by about 10 per cent in 1974 and British Caledonian had reduced substantially its operations and withdrawn its scheduled services across the North Atlantic. Forecasts indicated that there would be only a gradual recovery in the airlines' main markets.

Future Policy

British Caledonian

Mr Shore noted that many overseas aviation authorities had tried to limit the competition faced by their main national airlines. He said that there were hardly any routes on which a second British airline could be introduced which would result in a significantly higher British share of the market. In future, competition between British airlines on long-haul scheduled services would not be permitted and only one British airline would be licensed on a particular long-haul route. This decision ruled out the possibility of British Caledonian resuming services from London to New York and Los Angeles or competing with British Airways on long-haul routes to North America and Singapore for which it had obtained licences in 1973; such competition would not benefit British aviation as a whole. Mr Shore said that British Caledonian had made a 'valuable contribution' to British civil aviation and he wanted it to continue as a scheduled carrier on major routes. He had therefore decided that it should have a 'sphere of influence' for its long-haul scheduled activities, based upon its West African and South American services, and he envisaged a limited exchange of routes with British Airways to consolidate both airlines' interests. British Caledonian would retain its present network of internal and European services and would remain free to operate non-scheduled services throughout the world on which it would have a measure of preference over all other British airlines except British Airways.

Skytrain

The Secretary of State said that he had examined Laker Airways' proposal for a non-reservation walk-on service between London and New York in the context of the general policy of designating only one British airline for an individual long-haul route. If it were allowed to start in the current conditions, which were likely to prevail for some time, it would divert traffic from existing services and damage British Airways. He had told Laker Airways that in these circumstances the *Skytrain* service would not be allowed to proceed.

Policy Guidance

Mr Shore said that the changes in policy would have

to be incorporated in a new policy guidance for the Civil Aviation Authority and he was considering whether any amendments to the Civil Aviation Act 1971 (see pp 198-9, 1971) would be required. The Government's proposals would be given in more detail in a White Paper in the autumn of 1975.

BRITISH AIRWAYS

In 1974-75 British Airways, in common with the world's other leading airlines, was severely affected by the world economic recession and inflation, according to its annual report and accounts published on 28 August.[1] During the year it handled fewer passengers and recorded a financial loss, but its operations contributed £159 million to Britain's current balance of payments. Developments included the new 'shuttle' service from London to Glasgow and the delivery of its first *TriStar* aircraft, while preparations continued for the introduction of *Concorde* services in 1976.

Financial Results

British Airways' turnover increased by 16 per c ent in 1974-75 to £748 million, of which overseas earnings contributed £410 million including £107 million from the United States and Canada and £90 million from the European Community. Pre-tax profits totalled £5·4 million, representing a rate of return on net assets of 1 per cent, as against 12 per cent in 1973-74. After taxation and interest payments, there was a net loss of £9·4 million, compared with a net profit of £16·6 million in the previous year. British Airways' planned expansion programme was halted by the sharp rise in operating costs, especially of fuel; unit costs of airline operations increased by 35 per cent but airline revenue rates were raised by only 21 per cent to try to maintain demand. Measures to save fuel were applied to aircraft operations, motor transport, and heating and air-conditioning of buildings. Annual savings of over £9 million were achieved in aircraft operations through procedural changes which included more economical cruise and climb techniques and reduced use of auxiliary power units.

Services

British Airways carried 13·3 million passengers on scheduled services in 1974-75, of whom 9 million travelled on international and 4·3 million on domestic services, both 7 per cent fewer than in 1973-74. Cargo handled also declined by 7 per cent to 220,000 tonnes. Total services offered amounted to 5,832 million tonne-kilometres, 4 per cent lower than in the previous year as a result of disturbances in Cyprus and the eastern Mediterranean and an industrial dispute. British Airways operated a fleet of 212 aircraft and 12 helicopters at the end of March 1975 and a further 17 aircraft (including 5 *Concordes*) and 5 helicopters were on order; many old aircraft are now being retired.

Overseas Routes

Scheduled passenger traffic on the North Atlantic routes fell by 15 per cent and there was a sharp fall in traffic on the route from Britain to Japan. However, rapid growth occurred on services between Britain and the Middle East, and Britain and India. Traffic between Britain and the continent of Europe remained buoyant on the routes to France, Gibraltar, Poland, Scandinavia and Spain, but fell on the major business routes to the Federal Republic of Germany. New competitors adversely affected British Airways' traffic on the routes to Belgium and Malta. New services were started between London and Almeria (Spain), and Manchester and Rome, but services on three European routes were suspended during the winter and on one withdrawn. Wide-bodied *TriStar* aircraft entered service in January 1975 and now operate from London to several other European cities.

Internal Routes

Most domestic services were severely affected by the economic situation and higher fares. The frequency of some services was reduced and aircraft substitutions were made when necessary to maintain an acceptable load factor. However, steady growth continued in north-east Scotland with the substantial increase in oil-related business traffic. Jet frequencies were increased on the London to Aberdeen route and improved connections introduced to Orkney and Shetland. Nine of British Airways' helicopters were engaged exclusively on services in connection with offshore oil and gas operations. Passenger traffic between London and Glasgow showed an immediate improvement following the introduction of the 'shuttle' service in January 1975 (see p 110) which has attracted passengers from British Rail and competing air services.

Freight

Air cargo traffic from Britain did not develop as expected. Traffic to South Africa and Japan remained firm but the European and westbound North Atlantic markets declined. On routes to the continent of Europe a greater proportion of cargo is expected to travel in the holds of passenger aircraft, mainly because of the *TriStar's* greater freight capacity.

Safety and Employment

During 1974-75 British Airways' aircraft flew 495,000 hours and covered nearly 300 million kilometres with no passenger fatalities. The company is giving the highest priority to its security programme. In March 1975 it employed 59,400 staff, of whom 53,100 were engaged in airline activities.

BRITISH AIRPORTS AUTHORITY

Declining passenger traffic and continuing inflation led to lower profits for the British Airports Authority (BAA) in the year ended 31 March 1975, according to its annual report and accounts published on 17 July.[1] The BAA is now responsible for seven British airports (Heathrow, Gatwick, Stansted, Edinburgh, Prestwick, Aberdeen and Glasgow) handling three-quarters of Britain's passenger and cargo traffic. It became responsible for Aberdeen on 1 January 1975 and Glasgow on 1 April 1975; the authority's results include those of Aberdeen for January to March 1975. A new Scottish Airports

[1] *British Airways.* Annual report and accounts for the year ended 31 March 1975. British Airways Board. HMSO, £1. ISBN 0 900031 08 5.

[1] *Annual Report and Accounts for the British Airports Authority 1974-75.* BAA. HMSO, £3. ISBN 0 903460 03 3.

Division, which has local responsibility for planning, engineering, finance, personnel, external relations and legal functions, began operating on 1 April 1975. All the BAA's police units have been transferred to regional police forces as part of the Government's security measures against terrorism.

Financial Results

The BAA's income rose by 10·9 per cent to £53·8 million in 1974-75. Income from commercial operations (trading concessions, rents and services) grew by 20·7 per cent to £28·6 million, but income from traffic operations was up by only 1·6 per cent to £25·2 million because of the standstill on landing fees, the fall in passenger traffic and the small increase in air transport movements. Expenditure rose by 27·9 per cent to £43·5 million. Trading profits fell by 29 per cent to £10·3 million, with the first recorded loss on traffic operations amounting to £4·2 million. However, profits from commercial operations increased by 11·5 per cent to £14·5 million. After net interest payments of £1·9 million, the pre-tax profit was £8·4 million. Taxation totalled £4·6 million, resulting in a post-tax profit of £3·8 million, the same as in 1973-74. The rate of return (trading profits as a proportion of average net assets) was 11·5 per cent. The BAA increased its landing fees by 35 per cent from the beginning of April 1975.

Traffic

The number of passengers beginning or ending their journeys at the BAA's airports was 27 million in 1974-75, 2·8 per cent fewer than in 1973-74, the first decline in recent years. Civil aviation was affected by increased fuel costs, higher fares and a recession in the holiday tour market. The latter was reflected in the 12·8 per cent fall in passengers on international non-scheduled services to 4·7 million; passengers on international scheduled services increased by 0·9 per cent to 17·7 million and those on domestic flights declined by 5·2 per cent to 4·6 million. Heathrow handled 20·7 million terminal and transit passengers, 1·2 per cent lower than in 1973-74, but the decline did not affect its leading position among international airports. Gatwick (5·2 million), Edinburgh (839,000) and Prestwick (597,000) also handled fewer passengers, whereas Stansted's passenger traffic grew by 1 per cent to 212,000. Aberdeen's passenger traffic increased by 65 per cent to 503,000 as a result of the rapidly growing traffic connected with offshore oil and gas developments. Cargo handled in 1974-75 was 556,000 tonnes, 1·6 per cent more than in 1973-74, with charter freight especially buoyant. Aircraft movements rose by 1 per cent to 558,000.

Investment

Capital expenditure by the BAA was £24 million in 1974-75, of which £10 million was spent on developments at Heathrow and £10 million at Gatwick. The BAA expects to invest £125 million at March 1975 prices in the next four years in new facilities at its seven airports. At Heathrow projects in progress included a £5·5 million scheme to connect the terminals to the Underground station under construction, the provision of 19 further stands for Boeing *747*s, and the strengthening of stands and installation of new air jetties to accommodate large wide-bodied aircraft. Modernisation of Terminal 2 has begun and should be completed by 1977. Gatwick's £70 million development programme is more than half completed; eventually the airport's annual capacity will be 16 million passengers. The international arrivals building was opened in May 1974 and work began in March 1975 on expanding the original terminal and converting it into an international departures and domestic flights building. Further car parks were opened in April 1975, while road access to the airport has been improved by the completion of part of the M23 motorway and a link road to the airport. Edinburgh's 2,560-metre runway, now under construction, will be operational by the beginning of 1976, and the new terminal, on which construction work started in March 1975, will be completed by the spring of 1977. At Aberdeen an international arrivals and departures area adjoining the present terminal was opened in April 1975, while a new terminal is planned for completion by 1977 to accommodate the expected growth of traffic.

A new type of fire-fighting and rescue vehicle, known as 'Spearhead', has been developed to BAA specifications and the authority intends to have several in service by the summer of 1976. The vehicle, which has rapid acceleration and can cross very rough ground, is designed to be able to reach the scene of an accident before the main appliances.

The Post Office

A further deterioration in the financial position of the Post Office occurred in 1974-75 as a result of inflation and price restraint, according to its report and accounts for the year ended 31 March 1975, published on 30 July.[1] However, there were many achievements in the Post Office's operations including productivity savings of £15·6 million on telecommunications, improvements in the quality of the telephone service, an extension of international direct dialling and a profit for the Giro services.

Financial Results

In 1974-75 income totalled £2,122·7 million and expenditure £2,429·4 million and the loss amounted to £306·7 million, compared with £128·1 million in the previous year. There were losses of £194·6 million from telecommunications (more than three times its loss in 1973-74), £109·2 million from postal services and £3·4 million from remittance services, and profits of £0·1 million from Giro (the only sector to show improved financial performance) and £0·4 million from data processing. Higher wages and prices increased costs by £376 million and interest charges rose by £28 million, while additional depreciation of £52 million was required. After price increases of £288 million, the net adverse effect of inflation on the Post Office was £168 million. Economies and higher productivity were insufficient to offset this effect because of the lower rate of growth of business. By March 1975 costs were rising rapidly and business slackened because of the economic situation and higher charges.

[1] *Post Office.* Report and accounts 1974-75. HMSO, £1·80. ISBN 0 11 880464 2.

Accordingly, the search for economies was intensified and an examination of possible cut-backs in the postal services initiated.

Telecommunications

Of the Post Office's capital expenditure on fixed assets of £826·4 million in 1974-75, £787·7 million was on telecommunications. The growth rate of telecommunications was not as high as in recent years. In 1974-75, 1·4 million new telephone connections were supplied, bringing the number in service to 12·7 million, and the number of telephones rose to 20·4 million. Inland calls increased by 6·7 per cent to 15,836 million – 13,523 million local and 2,313 million trunk calls – and international calls by 19 per cent to 73 million. The quality of the telephone service continued to improve; only 2 per cent of local and 4·7 per cent of trunk calls dialled failed because of deficiencies in the system, while the proportion of international calls failing declined from 17·7 to 10·3 per cent.

Substantial progress was made in improving international services and new equipment was installed to increase capacity for overseas calls by 60 per cent. The first of two exchanges at the international telephone centre at Edgware (Greater London) entered service in 1974. The second will be opened in 1975-76 and when fully operational Edgware will be the world's largest international switching centre. Submarine cable links were increased with the opening of CANTAT 2 (see p 367, 1973) and the laying of a new cable between Britain and the Netherlands. Proposals were announced for Europe's largest submarine cable, a 4,000-circuit cable which will be laid between Britain and Belgium in 1977. By March 1975 over 70 per cent of all international calls from Britain were dialled direct and during 1974-75 the number of centres in Britain from where overseas calls could be dialled direct increased from 18 to 41.

Telex calls rose by 12·7 per cent to nearly 84 million and by March 1975 there were 54,500 telex connections, 10·8 per cent more than in March 1974. The number of countries that could be dialled direct from Britain increased by six to 72.

The radiophone service, providing telephones in vehicles, was expanded in London and extended to the Midlands. International Confravision services, allowing closed-circuit television conferences, were opened between Britain and Sweden (Stockholm and Malmo) and Britain and the Netherlands (The Hague and Amsterdam) while use of Confravision within Britain increased. Data transmission connections rose by 17·9 per cent to 34,900 in March 1975. Development work was undertaken on a service which will enable data to be transmitted at 4,800 bits per second (bit/s) and on an internationally compatible service allowing transmission at 2,400 bit/s.

The Post Office's research and development expenditure was £28·9 million in 1974-75. Telecommunications accounted for £27·1 million, of which 59 per cent was on new systems. A range of new exchange switching systems, based upon digital microelectronic and software techniques, is being developed and will form part of 'System X' which is planned for the 1980s. The testing of the *TXE4*, a large electronic exchange, was nearly completed; the first is due to open in Birmingham in 1976. Development work proceeded on a lower cost version of the *TXE4*, making greater use of integrated circuits.

Postal Services

Although the number of internal letters declined in 1974-75, parcels traffic increased as did overseas mail. Nearly 10,900 million items of correspondence were posted including 4,353 million internal letters at the first-class rate and 5,881 million at the second-class rate. Some 201 million parcels were handled, 3 per cent more than in 1973-74, including 2·8 million sent overseas by air. Overseas air mail rose by 5 per cent to 492 million items. The standard of the letter service improved towards the end of the year mainly as a result of the recruitment programme following a pay award.

New 'datapost' links, providing overnight collection and delivery of computer data and important packages, were introduced from Britain to Belgium, France and Japan. 'Postfax', a service by which customers can send facsimiles of urgent documents between a number of major cities to arrive within three hours, was launched on an experimental basis in October 1974. The British Postal Consultancy Service signed new contracts with six overseas postal administrations. A further 32 postbus services, carrying passengers at the same time as mail is collected and delivered, were introduced in rural areas, bringing the number to 74 in March 1975.

Giro and Remittance Services

Giro achieved its first profit in 1974-75 and thus met the target agreed with the Government in 1972. Substantial growth occurred in its main markets and the quality of service to customers was improved. Turnover rose by 60 per cent to £20,400 million, representing 163 million transactions. At the end of March 1975 there were 493,000 accounts and customer balances were valued at £147 million. In March 1975 the Government accepted Post Office proposals to enable Giro to offer a more complete banking service through the provision of personal loans, overdrafts and certain related services. The Government also announced that it planned to introduce legislation in the next session of Parliament to revise Giro's capital structure to align its finances more closely with those of its competitors.

In 1974-75, 305 million postal orders, with a total value of £598 million, were issued. Further measures were taken to rationalise and improve the finances of the remittance services.

SOCIAL AND CULTURAL AFFAIRS

Social Policy

A more coherent approach to the development and implementation of social policy is recommended in a report[1] prepared by the Central Policy Review Staff, a body which advises ministers collectively on major issues of policy. The report is being published as a contribution to public discussion of important and difficult issues which arise in the development of social policies. Ministers have endorsed an initial work programme based on the report.

It begins by saying that there are several difficulties facing a Government when it seeks to implement social policies, for example, scarce resources, division of responsibility among Government departments and between these and local government, and a lack of information about many social problems.

The report says that public expenditure has increased faster than production as a whole and that social expenditure has grown faster than the rest of public expenditure. It emphasises that the economic situation in the next few years will impose new constraints on public expenditure and hence will entail some cutting back on social policy plans. Given these constraints the report argues that priority should be given to the greatest needs and that resources should be used as effectively as possible.

Work Programme

The Central Policy Review Staff outlines a programme for action. This would consist of regular ministerial discussions on social policy from which guidelines on priorities might develop and of 'forward looks' surveying likely forthcoming developments in social policy. In addition the report says that more work should be done on social statistics and the monitoring of social programmes.

Another part of the programme recommended by the report consists of a series of studies of specific issues, the intention being to improve ways of dealing with immediate problems. Suggested topics for the studies, which have been endorsed by ministers, include the relationship between housing policy and other social policies; the working arrangements between central and local government in so far as they affect the handling of social problems at local authority level; some aspects of financial poverty and related policies; further development of current work concerning disabled people, the aim being to see how their needs are affected by all the policies which impinge on them; and the longer-term implications for social policies of changes in population structure and distribution.

[1] *A Joint Framework for Social Policies*. HMSO, 65p. ISBN 0 11 700555 X.

National Health Service

Finance

The future level of Government expenditure on health services was discussed by the Secretary of State for Social Services, Mrs Barbara Castle, in a speech at the first annual meeting of the National Association of Health Authorities on 11 July.

Mrs Castle said that there had been a steady annual growth in finance for the National Health Service (NHS) which had enabled the service to cope with extra demands and to make real progress in development. The Secretary of State pointed out that the outlook for the next few years was different owing to economic constraints, but she stressed that it was too early to say exactly what the limits on growth would be. This financial prospect meant that 'we have to use all the ingenuity and skill at our disposal to spend what money there is even more effectively than before'. Mrs Castle added that the NHS was more cost-effective than health services in most other countries. In achieving better value for money the Government was dependent on the medical professions and the health authorities who had the detailed knowledge and experience to identify the savings that could be made.

The Secretary of State went on to speak of the need for the growth of informed pressure groups and responsible local opinion which would influence the future development of the National Health Service. The amount of money available for the health service ultimately depended on the priority which the public attached to the NHS and on the means available for influencing those responsible for affecting decisions, notably political parties, the press, trade unions, the Civil Service and Members of Parliament.

Private Practice and the NHS

Government proposals to phase out private practice from National Health Service hospitals (see p 219)

were outlined in a consultative document[1] issued on 11 August.

It is proposed that present legislation authorising the provision of facilities for private practice in NHS hospitals should be repealed. An exception to this would be the services given to patients from overseas who come to Britain, or are sent by their governments, for specialised treatment not readily available in their own countries. The full economic cost of the treatment and services received would have to be paid for but no professional fees would be received by NHS staff for their personal benefit; an element of the charges would be retained by the health authority, or in the case of an academic unit, the university department, to be used for research or development work. These facilities for overseas patients coming specially for treatment would be provided where this could be done without detriment to NHS patients.

In addition the Government is willing to examine the possibility of certain highly specialised facilities, such as radiotherapy, being made available to the private sector on a contract basis at full economic cost; no NHS staff, including doctors, would be able to charge or retain fees personally. The blood transfusion service, where blood is provided free of charge, would continue to be made available but administrative and scientific services would be charged to the private sector at economic cost.

The consultative document also contains proposals regulating private nursing homes and hospitals. A new system of licensing is proposed in order to ensure that patient care in the private sector complies with minimum criteria and that all work is carried out by properly qualified staff.

A second objective of the licensing system is to ensure that development of the private sector does not operate to the detriment of NHS patients; the aim is to prevent it from absorbing any undue proportion of scarce skills achieved by training at public expense. The Government is also seeking to ensure that the volume of private sector provision for short-stay patients in Great Britain as a whole does not substantially exceed the March 1974 level of NHS pay beds and beds in private nursing homes and hospitals.

Copies of the consultative document have been sent to interested organisations so that the Secretary of State for Social Services can take into account all comments and proposals before submitting a Bill to Parliament.

Democracy in the National Health Service

Government decisions on making the administration of the National Health Service more widely representative were announced by Mrs Castle on 11 July (*Hansard*, written answers, cols 294-5). These follow a consultative document issued in 1974 (see p 241, 1974). The number of representatives from local government authorities on the regional and area health authorities is to be increased to a third. Two representatives of those working in the NHS (other than doctors and nurses who are already represented) are to be added to these health authorities. In addition community health councils, which represent the public, will be entitled to send one of their members to area health authority meetings with the right to speak but not to vote.

[1] *The Separation of Private Practice from National Health Service Hospitals: A Consultative Document.* Free from Department of Health and Social Security, Alexander Fleming House, Elephant and Castle, London SE1 6BY.

Smoking and Health

Government Policy Statement

New Government proposals to reduce the risks to health from smoking were outlined by Dr David Owen, Minister of State at the Department of Health and Social Security, in a written answer to a parliamentary question on 6 August (*Hansard*, cols 253-4).

Dr Owen said that an estimated 50,000 premature deaths occurred each year in Great Britain as a result of smoking and that the Government had a responsibility to 'introduce safeguards which will minimise the risks to health of smokers who cannot give up the habit; to ensure that nothing is done to persuade non-smokers, especially young people, to take up the habit; and to ensure that all possible information relevant to the risk to health is readily available'.

The Government view was that machinery was necessary to enable action to be based on advice from an expert and independent advisory committee. This would cover the regulation and control of such matters as the use of substitutes and additives, reductions in the yield of tar, nicotine and carbon monoxide, health warnings and information on advertisements and packets, the restriction of promotion and codes of practice for advertising and sponsorship.

Dr Owen stated that consultation about these plans would take place with the tobacco industry, the Independent Scientific Committee on Smoking and Health and the Medicines Commission. He concluded by stressing the Government's belief that 'the way in which tobacco products are made, sold, described and advertised must be subject to the same considerations as other drugs of addiction which can be dangerous to health'.

Cigarette Advertising

A new code of cigarette advertising practice to replace the previous voluntary code was published in August following agreement between the cigarette manufacturers and the Code of Advertising Practice Committee of the Advertising Standards Authority (ASA). The new code is also voluntary and will be supervised by the ASA.

The aim of the new code is to ensure that advertisements for cigarettes and hand-rolling tobacco should not seek to encourage people, particularly the young, to start smoking. It is also concerned to see that existing smokers are not encouraged to smoke to excess. In addition the new code seeks to ensure that especially vulnerable groups should not be exploited by advertising, for example, young people and those who suffer from any physical, mental or social handicap.

The chief rules of the code are that cigarette advertising should not:

exaggerate the attractions of smoking,

encourage people to smoke more,

claim that it is normal to smoke or abnormal not to smoke,

claim any health advantage for one brand over another, except on grounds acceptable to the health authorities,

claim that smoking is necessary for relaxation or concentration,

claim that a particular brand is a sign of, or proof of, manliness, courage or daring,

include or imply a recommendation of the product by a well-known person of distinction in any walk of life,

incorporate copy or illustrations which are sexually titillating or which imply a link between smoking and sexual success,

or claim that smoking contributes significantly to social or business achievement.

In addition the rules say that no advertisement should appear in publications directed wholly or mainly at young people and neither should advertisements feature heroes of the young.

Action by the Manufacturers

Further action has been taken by the cigarette manufacturers concerning matters which have been under discussion with the Government. The following decisions were announced in August by the Tobacco Advisory Committee on behalf of the manufacturers:

1 The tar group (see p 288) of cigarette brands, which already appears on advertisements, is to be printed on cigarette packets.

2 Cigarette advertising in cinemas is to be restricted. From the autumn no advertising will occur except during programmes carrying an X certificate which are intended for people aged 18 and over.

3 No further advertising of cigarillos will appear on television.

4 The tar yield of those cigarette brands in the middle to high tar group which have coupons will be reduced to middle tar in the next few months. (Coupons enclosed in the packets can be collected and exchanged for 'gifts'.)

Developments in Education

Some recent developments in education, including a general statement of policy, are summarised below.

EDUCATIONAL POLICY

In a speech to the Council of Local Education Authorities (CLEA) on 16 July, the Secretary of State for Education and Science, Mr Frederick Mulley, outlined the main principles and priorities of the Government's long-term plans for educational development in England and Wales.

Mr Mulley began by emphasising that in the present economic situation there would have to be substantial reductions in projected public expenditure, including expenditure on education (see pp 350 and 376), but that this did not mean cuts in the present level of services. Though there would be some £80 million reduction in planned education expenditure in 1976-77, local authority current expenditure in that year would still have a growth rate of about 2 per cent in real terms over the sum allowed for rate support grant in 1975-76. In general, however, he felt it prudent to assume that there would be little room for growth in the next few years. It was thus imperative to get the maximum value from every pound spent and to get priorities right.

Priorities

Mr Mulley called attention to two favourable factors in the outlook, namely that the present standards of educational provision were higher than ever before and that the steadily falling birth-rate would cut the school population by over a million in the next ten years. He then went on to consider priorities in three ways: by sectors (that is, ages and levels) of education, in terms of policy and organisation, and in terms of resources.

The first priority sector was schooling for those of compulsory school age. He hoped, however, that it would also be possible within the resources available to devote more attention to the education facilities open to 16- to 19-year-olds and to guidance and counselling services for them. In higher education, there was certainly room for some further expansion without substantial additional expenditure.

In terms of policy and organisation, the most important commitment was to carry through the reorganisation of education on comprehensive lines. This reorganisation would make for greater equality of educational opportunity, but needed to be supplemented by measures of positive discrimination to help the disadvantaged.

Mr Mulley divided resources into buildings and teachers:

Buildings

On buildings, he pointed out that, though the White Paper on capital expenditure (see p 66) had foreshadowed a decline of capital expenditure on schools from some £600 million in 1972-73 to £260 million in 1978-79, this mainly reflected the completion of provision for raising the school-leaving age and the falling demand for other basic needs and had nothing to do with the present need for economic restraint. Basic needs would continue to be met. What was in question was what provision should be made for buildings for nursery education and for improving the state of school buildings.

Teachers

The recent salary increases and improved pay structure (see p 77) had resulted in a marked reduction in teacher resignation. In view of this and other factors in the present situation, Mr Mulley said that he had thought it right to review the existing recommendation that 23,000 teachers be admitted to non-graduate courses in September 1976. The rate support grant settlement for 1975-76 had allowed enough money for all available teachers to be employed, though the total in September might fall a little short of this. In 1976-77 the gap was

bound to be greater given that the overall growth in current expenditure on education was limited to 2 per cent.

Since Mr Mulley's statement it has been announced that the number of teachers to be admitted to initial training courses in September 1976 is to be limited to 20,000.

REORGANISATION OF TEACHER TRAINING

In England and Wales higher education outside the universities is being assimilated into a single system, which includes teacher training. In general teacher training will cease to be given in institutions isolated from other post-school education. Many of the existing colleges of education will merge either with each other or with other colleges and will become institutions providing both teacher training and other courses. Some colleges of education will cease to provide initial teacher training and be converted to other educational purposes. At the same time there will be a reduction in the intake of student teachers for initial training (see p 165) and a progressive move towards a graduate profession through the phasing out of the existing three-year certificate courses in favour of the new courses leading to a Bachelor of Education degree in three years or an honours degree in four years. In line with the general integration of post-school education, the separate area training organisations for teacher training and the separate system of grants administered by them have been abolished. Student teachers will receive grants on the same basis as other students and consultations are taking place about the establishment of a new regional advisory machinery, which through a series of committees would take over the functions of the existing regional advisory committees for further education, advise on the provision of courses of initial education and training for teachers and be responsible for promotion, co-ordination and review of in-service training for teachers and an improved system of induction. Ultimate responsibility for approving the validity of teacher training courses and the qualified teacher status of individuals now rests with the Secretary of State for Education and Science.

These developments are in line with the policies laid down in the White Paper *Education: A Framework for Expansion* (see p 51, 1973). Powers to implement the policy have been given in the Further Education Regulations 1975, which came into effect on 1 August 1975 and provide for this reorganisation of post-school education; and these powers will be further extended by new Awards Regulations made under the Education Act 1975. The Further Education Regulations give the Secretary of State for Education and Science transitional power to issue directions reorganising teacher training establishments or departments after consultations with the local authorities concerned.

SCHOOL-LEAVERS

School Leavers CSE and GCE 1973: Statistics of Education, England and Wales, Vol 2 (HMSO £3, ISBN 0 11 270334 8), was published on 28 July. Provisional figures for school-leavers in 1974, compiled by the Department of Education and Science, were issued on 27 August.

According to the provisional figures the number of school-leavers in England and Wales in 1974 was 681,500, an increase of 36,800 over 1972. The total for 1973, distorted by the raising of the school-leaving age to 16, was 416,000.

The new school-leaving age significantly reduced the numbers leaving in the autumn and spring terms and radically altered the numbers of leavers showing particular examination achievements. In 1971-72, 43 per cent of leavers did not attempt any Certificate of Secondary Education (CSE) or General Certificate of Education (GCE) examination, a proportion which fell to 19 per cent in 1973-74. The number of leavers attempting only CSE showed an increase from 93,000 in 1971-72 to 218,000 in 1973-74, an increase from 13 per cent to 30 per cent of all leavers. As a result, the number leaving with CSE Grades 2 to 5 but no GCE pass rose from 82,000 in 1971-72 to 206,000 in 1973-74, while the number leaving with up to four 'O' level passes or CSE Grade 1 results increased from 123,000 to 166,000. But the greater number leaving with CSE or 'O' level passes does not seem to have had any immediate impact on the numbers entering full-time further education, while the numbers entering degree courses appeared to stay fairly stable, bearing in mind sampling error.

There were 105,000 leavers with 'A' level passes in 1973-74, 83,000 of whom had at least two passes. The division between arts and science subjects has been relatively stable over the past few years, with boys fairly evenly divided between science and arts/social services, but only 18 per cent of the girls concentrating on science. The 'mixed' category, however, is slowly increasing. Within the 'science passes only' category, two-thirds of the boys, but only half the girls, had a pass in maths.

The volume of 1973 statistics supplies additional information on long-term trends especially in regard to the relative performance of boys and girls leaving school. About twice as many girls left school in 1973 with one or more 'A' level passes as in 1963. The improvement for boys over the same period was much smaller, at about 50 per cent, giving an overall increase of 70 per cent. In number terms, this means that for every 100 boys leaving with an 'A' level pass, there were 90 girls in 1973, compared with 70 girls in 1963. In addition, the percentage of boys in the age group leaving with 'A' level passes has been static since about 1970-71, whereas the percentage of girls has been increasing during that time. Girls also improved their performance relative to boys at the higher levels (two or three or more passes). Of the 416,000 leavers, 105,000 had 'A' level passes; this is about 15·7 per cent of the relevant age group, and compares with a figure of 9·2 per cent in 1962-63. The pattern for boys and girls separately is:

Percentage of the Age Group Leaving School with 'A' Level Passes, 1962-63 and 1972-73

	1962-63		*1972-73*	
Passes	*Boys*	*Girls*	*Boys*	*Girls*
	%	%	%	%
1 or more	10·9	7·5	16·5	14·8
2 or more	9·0	5·5	13·2	11·3
3 or more	6·4	3·1	8·9	6·9

PHASING OUT DIRECT GRANT GRAMMAR SCHOOLS

The Direct Grant Grammar Schools (Cessation of Grant) Regulations 1975 came into operation on 21 August and gave effect to the Government's intention to bring to an end the present system of direct grants to grammar schools in England and Wales (see p 164).

Copies of the new regulations and of a circular explaining their effects have been sent to governors of all direct grant grammar schools and to all local education authorities.

The circular explains that capitation, sixth-form and fee remission grants may be paid to a school in respect of pupils admitted in the education year 1976-77 only if the governors have satisfied the Secretary of State by the end of this year that they intend the school to become a maintained comprehensive school and have notified a local education authority of their intention to consult the authority about statutory proposals to this effect. Once the phasing out of grants to schools which have not done so has started, grants will only be payable until such time as all the pupils eligible have left the school. When a direct grant grammar school is going to become a maintained comprehensive school, grant will continue on the present basis until it does so.

The new regulations include important provisions to facilitate the entry of direct grant schools into the maintained system. They enable the Secretary of State to make grants to cover the redemption of outstanding capital debts and the payment of expenses necessarily incurred in the transition. In addition, the circular states that where teachers in these schools do not already have 'qualified teacher' status the Department of Education and Science will be ready to consider applications for it.

EDUCATIONAL BUILDING IN 1976-77

The Government's financial allocations for the 1976-77 building programmes of universities in Great Britain and for all other educational establishments in England and Wales were announced at the beginning of August. The allocation to the universities is made to the University Grants Committee which decides which particular projects to the value of the announced programme shall start. The amounts authorised for the non-university sector are in effect limits up to which local authorities can start new building projects during the period specified. They are not grants; but local authority spending, including that on non-university building, is substantially assisted by central Government through the rate support grant.

Details of the authorised total value of starts in the 1976-77 financial year for primary and secondary school basic needs and improvements, nursery education and special schools are set out in a joint Department of Education and Science/Welsh Office circular (*School Building 1976-77*, Circular No 8/75 [DES], No 137/75 [Welsh Office]). Of the £186 million total, £122 million is estimated for basic needs and £20 million for improvements at primary and secondary schools; £9 million for nursery education; £10 million for special schools; and £25 million for secondary reorganisation. This is the first time that the school building programme has included an element specially for comprehensive education. This part of the programme will enable a limited number of improvement or replacement projects to start where reorganisation could not otherwise take place or could not be fully effective.

The building programme for major post-school education projects in 1976-77 amounts to £28 million, of which the University Grants Committee will receive £8 million.

COMPUTER SERVICES FOR UNIVERSITIES

A new strategy for providing general computing services to British universities is described in the annual report for 1974-75 of the Computer Board for Universities and Research Councils (Cmnd 6221, HMSO 37p, ISBN 0 10 162210 4) published on 22 August. The board seeks to make diverse computing facilities widely available and to encourage further sharing of facilities. A working party is studying the feasibility and cost/benefit of different types of network. Eleven universities have been provided with equipment to participate in the Post Office's Experimental Packet Switched Service. Two *ICL 2980* computers have been ordered, one to provide batch processing and interactive facilities for the universities of Edinburgh, Glasgow and Strathclyde and the other for the universities of Bath, Bristol, Cardiff, Exeter and Oxford and the University of Wales Institute of Science and Technology. An *IBM 370/168* has been installed at Newcastle which will provide local services to the universities of Durham and Newcastle and Newcastle Polytechnic and, in addition, half the capacity of the machine is to be made available to any other university in the United Kingdom requiring special IBM facilities.

Nine new general-purpose computers were installed during the year, in addition to the *IBM 370/168* at Newcastle. The largest was an *ICL 1906S* at Liverpool. Leicester and Manchester each installed a *Cyber 72* and three *ICL 1904S* computers went to Hull, Salford and Queen Mary College, London. There have been delays in completing buildings at Glasgow and Sheffield where *ICL 1906S* computers were to have been installed.

The total value of equipment now installed in university computing centres is £58 million and in planning for future replacement of computer systems, the board, with Government economic restraint in mind, will expect universities to keep their computer systems in operation for a longer period than has been usual in the past and there is likely to be a greater emphasis, where appropriate, on the sharing of resources.

Software Committee

In view of the increasing importance of software, the board has set up a Software Provision Committee to co-ordinate the generation, acquisition, documentation and distribution of applications software (standard programmes with a variety of uses) in universities and research councils.

Race Relations

HOUSING

The Government's view that there should be no ethnic, racial, religious or class discrimination in the formulation or the application of housing policies and practices is expressed in a White Paper, *Race Relations and Housing* (Cmnd 6232, HMSO, 32p, ISBN 0 10 162320 8), published on 4 September. The White Paper says that housing is pre-eminently a service in which the main contribution towards helping coloured people in need is made through general programmes and policies and because of people's need rather than their colour.

The White Paper is the Government's response to the report on housing of the Select Committee on Race Relations and Immigration published in 1971 (see p 505, 1971). The Government recognises that its reply is overdue but points out that action has been taken in the meantime on over half of the 46 specific recommendations in the report. The White Paper endorses the select committee's view that the housing of immigrants cannot be separated from housing the community at large and outlines the ways in which the Government has taken action to help all those in housing need, including immigrant groups. Reference is made to the increasing emphasis on rehabilitation, including the introduction of housing action areas under the Housing Act 1974 (see p 183, 1974) in areas of housing stress where disproportionately large numbers of coloured and other disadvantaged people live. Coloured people in need will also benefit from the current increase in public sector house-building, from the provisions in the Housing Act 1974 for stimulating the housing association movement and giving substantial assistance to hostels, and from the re-casting of the subsidy system in the Housing Rents and Subsidies Act 1975.

The Government sees bad housing as only one of the complex problems faced by people living in urban areas; the White Paper refers to initiatives being taken in such areas and to the recent report by the Central Policy Review Staff, *A Joint Framework for Social Policies* (see p 372), aimed at improving the overall co-ordination and effectiveness of social policies.

The White Paper identifies two issues on which the Select Committee's report recommended special action: record-keeping by local authorities about coloured people in relation to housing; and the question of the dispersal of coloured people more widely throughout the community.

The Government agrees that sensible and confidential record-keeping about the housing of coloured people should be encouraged in appropriate areas. But records should not be kept for their own sake, and information about the housing situation and needs of coloured people should form part of local authorities' wider arrangements for understanding and dealing with the housing and social problems of their area. Before final guidance is issued, the Department of the Environment is to hold further discussions with the local authority associations, immigrant representatives, the Community Relations Commission and the Race Relations Board.

The Government fully endorses the report's recommendation that obstacles to dispersal should, as far as possible, be removed, but it believes that movement should be a matter of individual choice. The White Paper says that more important than concentration versus dispersal is the improvement of the housing, environment, educational and employment opportunities of the inner urban areas where large numbers of coloured families, and others, will continue to live for some time to come, whatever the rate of movement out. The Government expects local authorities in whose area dispersal is an issue to formulate a balanced view on it and to take it into account as one factor in their housing policies and practices.

The Department of the Environment has sent a copy of the White Paper to local authorities in England. The accompanying circular (DOE Circular 83/75, HMSO 6p) underlines the White Paper's conclusion that 'the Government looks to local authorities and other organisations concerned to continue, in the light of the White Paper, to give their considered attention to the housing of coloured people as part of a sustained campaign to improve social conditions and community relations'.

COMMUNITY RELATIONS COMMISSION

The strategy behind the work of the Community Relations Commission and what it does to implement this strategy are described in the commission's annual report, *Community Relations 1974-75* (HMSO, £1·35, ISBN 0 10 024465 3), published in July. The report discusses in greater detail than usual the activities undertaken by the commission and local community relations councils and welcomes the review of race relations legislation being undertaken by the Government which, it says, will provide an opportunity for strengthening both the anti-discrimination legislation and the institutional arrangements. It refers to three examples of administrative action taken by the Government during the year which, the commission considers, have relieved some of the inequalities felt by minorities: the decision to reunite some of the Asian families separated as a result of their expulsion from Uganda in 1972 (see p 145, 1974); the announcement that the retrospective powers of the Immigration Act 1971 would not be exercised against people who had entered Britain illegally (see p 188, 1974); and the decision to allow women to bring husbands from overseas to live in Britain (see p 361, 1974).

The Commission's Strategy

The report defines four roles which the commission has: (1) to deal with problems of 'newness': cultural, religious, dietary, linguistic differences; the absence of appropriate skills or recognised qualifications; and ignorance of the way institutions work; (2) to deal with the consequences of prejudice and discrimination; (3) to attempt to change hostile attitudes among the indigenous population; (4) to recognise that many needs arise from a more general urban deprivation and can partly be met

through wider programmes to tackle this kind of disadvantage.

To tackle these tasks the commission has developed the following strategy: (1) to develop and maintain contact with ethnic minority groups; (2) to identify the needs of these groups and to propose how they should be met; (3) to press the Government and other institutions to meet these needs and provide the resources required and to demonstrate by means of pilot projects ways of meeting these needs; and (4) to develop techniques for monitoring the progress of community relations.

The commission says its work nationally is greatly dependent on the work of local community relations councils which depend for their effectiveness on their ability to mobilise voluntary effort, to establish professional relations with the local authority and on support provided by the commission. As autonomous voluntary bodies their policies differ and reflect the needs of the communities where they work. Their many activities include multi-racial playgroups, summer projects, the support of hostels for the homeless, liaison with the police, the teaching of English to Asian women (over 100 projects), setting up and collaborating with housing associations, educational and employment projects, and advice to statutory and voluntary bodies.

The Commission and Community Relations Councils

Apart from financial support, the commission helps the community relations councils by identifying needs of regions and co-ordinating activities so that councils can share experiences and work together in joint campaigns. Through the commission's officers, community relations councils have access to advice and information on such matters as youth, housing, employment, education, health and social services. Officers assist councils in setting up projects, approaching local authorities and providing training for local professional workers. The commission also arranges training programmes for community relations officers and voluntary members of councils and helps other bodies concerned with training staff to work with minority groups.

For their part, community relations councils help the commission by providing contact with minority communities and enabling it to gather information about their needs. Through their daily contact with local authority officials, community relations officers are able to press for the implementation of the commission's policies. Community relations officers are also in a position to pass on to minority groups information on such subjects as registration for voting.

Advice to Government

The commission offers advice to the Home Secretary in addition to advice for which he asks. So far the Home Secretary has asked for advice on two matters. The report on the first of these, *Unemployment and Homelessness*, was published in June 1974 and since its publication funds have been released to tackle some of the problems identified. Resources have also been provided under the Urban Programme to meet other needs reported by the commission including on-the-job language tuition, in-service training for teachers and the needs of the refugees from Uganda. Policy papers on such topics as *Educational Needs of Ethnic Minorities*, *Fostering Black Children* and *Muslim Burials* have all met with a degree of positive response. Another important publication in June 1974 was *Teacher Education for a Multi-Cultural Society*, the work of the joint working party set up by the commission and the Association of Teachers in Colleges and Departments of Education (see p 358, 1974). It was the subject of much attention on a Department of Education and Science course in July 1974 and has been considered by about 50 academic boards which has resulted in new courses being started or planned. The commission also produces material describing the most recent examples of good practice, available resources and details of research findings.

Contact with the European Community

Increasing contact with the European Community and its institutions is referred to in the report, in particular, with the Community Social Fund, from which the commission's employment section has sought assistance for a three-year project to produce case studies as training materials for management and trade unionists. In July 1974 the rules of the Social Fund were changed to permit the inclusion of work with migrants from non-Community countries. This change of rules meant that this project and potentially many others could be eligible for financial support from the fund.

Work of Community Relations Councils

The work of local community relations councils covers many different forms of activity; work with individual members of minority groups on a wide range of problems; work with minority groups, in particular in support of self-help projects; public education; campaigning in the fields of welfare and civil rights and anti-discrimination; giving advice and putting pressure on local authorities; facilitating inter-group relationships; and stimulating multi-racial community action. Home language tuition schemes are now run by virtually all community relations councils and most have a full-time or part-time organiser. Many councils issue newsletters or magazines and some co-operate with the staff of local radio stations to produce programmes for immigrants. Several councils have launched liaison schemes between minority groups and the police. Where others have not been persuaded that a need should be met, a council often sets up a project itself. Many have established Saturday schools, summer projects and playgroups for the under-fives, and local authorities have in many cases taken over the running and the costs. Other councils are running child-minders' projects with a view to improving the standard of care provided.

Community Relations Bursary Scheme

Since 1970, when the trustees of the Commonwealth Foundation first made a grant to enable professional people in the United Kingdom whose work brought them into close contact with immigrant communities to visit the countries of origin of the groups with which they were concerned, a total of 63 bursaries have been awarded from the foundation's

funds. With effect from 1975 bursaries are being financed from the commission's own grant, a further 14 having so far been made. Police officers, teachers and social workers account for 60 of the the bursaries awarded: the report expresses regret that more applications from trade unionists have not been received.

Sport and Recreation

Recreation should be regarded as one of the community's everyday needs and provision for it as part of the general fabric of the social services, according to a Government White Paper published on 7 August.[1] The White Paper deals with policies for sport and outdoor recreation and the arrangements for their implementation in England, Wales and Northern Ireland.[2] It recognises that for some years to come public authorities may be obliged to spend less in total on a number of services, including sport and recreation, but emphasises that their overriding responsibility will be to ensure that the limited resources available are used in the most cost-effective way possible.

Main Proposals

The White Paper proposes certain changes in the working relationships between the Minister of State for Sport and Recreation, the Sports Council which is responsible for allocating Government funds, and the Central Council for Physical Recreation (CCPR) comprising the national governing and representative bodies of sport and recreation. It is envisaged that a small working group of the two bodies will be set up to work out a clear definition of their respective roles and responsibilities, and the Minister of State, Mr Denis Howell, has offered to chair the group. The Minister of State has also been invited by the Sports Council to attend its meetings from time to time.

In order to ensure close co-ordination at national level in the formulation and implementation of broad recreational policies, the Minister of State intends to hold regular meetings of the heads of the relevant agencies. These include, for instance, the Sports Council, the Countryside Commission (which encourages the provision and development of open-air recreation facilities), the Forestry Commission (the national authority responsible for promoting forestry and forest parks in Great Britain), the Nature Conservancy Council (which maintains nature reserves and provides advice on conservation), and the national tourist boards.

The Government intends to strengthen co-ordination at regional level in England by means of arranging meetings of representatives of the appropriate Government agencies and of the appropriate regional water authority at about six-monthly intervals and under the chairmanship of the regional director of the Department of the Environment in each of the eight English regions.[1] It is also proposed that the existing Regional Sports Councils should be replaced by new Regional Councils for Sport and Recreation, which would be concerned with the whole range of sport and outdoor recreational activities in their regions. Their membership would be such as to ensure a proper balance between formal and informal recreation, and between recreation and conservation, farming and forestry. It is envisaged that they would advise the Sports Council and the Countryside Commission on broad regional priorities for grant-aid; they would promote the preparation of regional recreational strategies; and they would be able to supply information to the Minister of State to assist him in carrying out his co-ordinating role at national level.

It is accepted by the Government that special arrangements are needed to assist inner urban areas in which recreationa' deprivation is associated with other forms of social and environmental deprivation. The Sports Council has been empowered to make grants available to local voluntary organisations in England, and the Government hopes that it will give priority to projects aimed at ensuring the wider community use of amateur and professional club facilities, particularly in urban areas of special need. High priority should also be given to projects designed to extend the facilities available for young people.

Consideration is given in the White Paper to means of assisting those who are particularly gifted in sport. Studies are being made of the possibility of developing centres of sporting excellence at universities and other colleges which would also provide for the general educational needs of selected young athletes; and of the possibilities of bursaries financed by commercial sponsors to enable established athletes to devote more time to sport.

All those concerned with the provision of sports facilities are urged to make it easier for the disabled to use them. Attention is also drawn to the recreational needs of retired people, and to the special arrangements that may be necessary to enable mothers with young children to take full advantage of facilities.

[1] *Sport and Recreation*. Cmnd 6200. HMSO, 32p. ISBN 0 10 162000 4.

[2] Scotland is not included in the present proposals because the organisation of sport and recreation there differs from that in the rest of the United Kingdom and will be affected by the reorganisation of local government in Scotland in May 1975.

[1] The Secretaries of State for Wales and for Northern Ireland maintain a continuous oversight of the inter-related activities of the various agencies in those countries in order to secure the development of coherent strategies.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

The Monarchy. COI, FSB/B11.

Queen's Silver Jubilee. The Queen has approved a recommendation by the Prime Minister that the twenty-fifth anniversary of her accession to the throne should be celebrated during the summer of 1977. The Government is considering how the occasion might most appropriately be marked, in compliance with the Queen's express wish that undue expenditure should be avoided. Details of the programme will be announced nearer the time. *Hansard*, 7.8.75, written answers, col 425.

Statistics of Persons acquiring Citizenship of the United Kingdom and Colonies 1974. In 1974, citizenship was granted in the United Kingdom to 45,910 Commonwealth citizens, citizens of the Irish Republic and citizens of Pakistan and to 19,818 aliens and British protected persons. In addition 1,600 Commonwealth citizens, citizens of the Irish Republic and citizens of Pakistan and 2,329 aliens and British protected persons were granted citizenship outside the United Kingdom. Cmnd 6169. HMSO, 30p. ISBN 0 10 161690 2.

Report of the Committee on Death Certification and Coroners (see pp 585-6, 1971). The Home Secretary has announced the Government's initial decisions on the report. A new system for the medical certification of the cause of death is to be introduced in England and Wales; there is to be a new certification procedure for cremation; and the law on coroners' responsibilities is to be modernised. *Hansard*, 6.8.75, written answers, col 211.

External Affairs and Defence

Royal Institute of International Affairs. Report of the council 1974-75. Royal Institute of International Affairs, Chatham House, 10 St James's Square, London SW1.

Economic and Scientific Affairs

Some Recent Advances and Developments in Britain. COI, R5656/21.

United Kingdom Balance of Payments 1964-74. HMSO, £2. ISBN 0 11 630142 2.

A Short Guide to Taxes in Britain. COI, SN5983.

Minimum Lending Rate (MLR). The Bank of England's MLR rose from 10 to 11 per cent on 25 July. *Economic Progress Report No 66*, September 1975. Prepared by the Information Division of the Treasury. Available from the Circulation and Promotion Section (TBS), COI.

United Kingdom trade in the first half of 1975. In the first half of 1975 the visible trade balance was in deficit by £1,247 million compared with a deficit of £2,652 million in the second half of 1974; this was partly offset by net invisible earnings provisionally estimated at £734 million. The non-oil trade balance improved from a deficit of £863 million to a surplus of £175 million while the oil deficit was reduced from £1,789 million to £1,422 million. While export volumes were little changed, import volumes fell by 9 per cent, including a drop of 2 per cent in imports of crude oil. The terms of trade index improved by 5 per cent, thus recovering to the levels recorded in the fourth quarter of 1973, before the full impact of the rise in oil prices (see p 441, 1973 and p 17, 1974) had been felt. *Trade and Industry*, 29.8.75.

World Invisible Trade. August 1975. This is the only regular analysis of world invisible trade. The report includes figures for 1972 and provisional figures for 1973. Committee on Invisible Exports, 18th Floor, 23 Fenchurch Street, London EC3M 3DD. £1.

Guarding of Foundry Machinery. Health and Safety Executive Joint Standing Committee on Health, Safety and Welfare in Foundries. Third and Fourth Reports of the Sub-Committee on Machinery Safety. The third report (HMSO 30p, ISBN 0 11 880341 7) covers guarding systems which have been designed and developed for use on twin shell moulding machines, shell core, 'servant' core and rotary core machines, while the fourth report (HMSO 40p, ISBN 0 11 880344 1) looks at mechanical restraining systems and their application to machines which require access, either for production or maintenance, into the space between moving power-driven plates. The two reports should be read in conjunction with the first (HMSO 40p, ISBN 0 11 360809 8) and second (HMSO 12p, ISBN 0 11 360897 7) reports of the sub-committee.

Agreement on Re-organisation of the Factory Inspectorate. On 28 August the Health and Safety Executive (see p 42) issued a statement setting out an agreement reached between the executive and the staff associations on the details of reorganising the out-stationed staff and local offices of the Factory Inspectorate throughout the country. The reorganisation stems from the Robens report (see p 347, 1972) which considered that modern industrial techniques required factory inspectors to have a deeper knowledge of specific processes, a readier access to highly qualified specialists and a more closely integrated field structure capable of offering sophisticated administrative, technical, scientific and information support. Baynards House, 1 Chepstow Place, London W2 4TF.

Report of HM Chief Inspector of Mines and Quarries for 1974 under the Mines and Quarries Act 1954. HMSO £1·35. ISBN 0 11 410235 X.

Progress towards Equal Pay. An article in the August 1975 issue of the *Department of Employment Gazette* shows that of the 151 collective agreements and wages orders monitored by the department, 9 out of 10 had lowest women's rates which were over 90 per cent of lowest men's rates in March 1975, compared with 6 out of 10 in March 1974. The corresponding proportions of agreements and orders that had completely removed discrimination were 25 per cent and 10 per cent. HMSO, 90p. ISBN 0 11 723822 8.

The Fresh Food Reference. Prices, Margins and Channels of Distribution for Fruit and Vegetables. Final Report (see also p 450, 1974). Price Commission. HMSO, 43p. ISBN 0 11 700287 9.

Motor Fuel Retailers' Margins. Final Report (see also p 172). Price Commission. The report concludes that reduced demand and rising costs, particularly labour costs, will lead to a smaller network of motor fuel retailers and to a concentration in larger units. HMSO, 65p. ISBN 0 11 700288 7.

European Community Regional Development Fund. The Minister for Planning and Local Government, Mr John Silkin, has given representatives of local authorities in England the Government's views on the use of assistance from the European Community Regional Development Fund towards infrastructure projects. The fund may help infrastructure projects in the assisted areas which are directly linked with the development of industrial or other activities. Mr Silkin said it was the Government's intention that local authorities and other public bodies undertaking infrastructure projects for which assistance from the fund was granted should benefit directly from that assistance. The Government intended that moneys received from the fund should be passed to the authority responsible for the project and used to reduce the cost to it and so the amount which had to be borrowed to finance the project. Where a project receiving assistance from the fund also qualified for a specific Government grant, such a grant would still be paid, but it would be calculated on the basis of the net cost of the project to the authority. Department of the Environment press notice, 2.4.75.

The Motor Vehicle Industry. Fourteenth report of the Select Committee on Expenditure, Session 1974-75. HMSO, £1·80. ISBN 0 10 026175 2.

Financial Tables for the Clothing Industry 1973-74. The ninth edition of the annual financial tables for the clothing industry, published by the Economic Development Committee for the industry, analyses the accounts of 371 companies and another 107 companies whose latest available accounts were for 1972-73. The financial tables cover about 88 per cent of the industry's sales. The industry, as defined in the tables, showed a slight improvement in productivity from 15·2 per cent to 15·7 per cent. Available from National Economic Development Office, Millbank Tower, London SW1P 4QX.

The ownership, management and use of shipping by nationalised industries. Second report of the Select Committee on Nationalised Industries, Session 1974-75. House of Commons paper No 346. HMSO, £7·70. ISBN 0 10 023465 8.

Monopolies and Mergers Commission. Report on the proposed merger between H. Weidmann AG of Switzerland and B. S. and W. Whiteley Ltd, suppliers of goods in the transformer industry (mainly electrical insulating press board and derived products). The commission has concluded that any adverse effect on prices resulting from the merger would be outweighed by likely advantages, such as a higher level of efficiency, production and employment and a larger contribution by Whiteley's activities to Britain's balance of payments than would otherwise be made. The Director General of Fair Trading is to keep the situation under review and will be prepared to make a further reference to the commission on monopoly grounds should this at any stage seem necessary. Cmnd 6208. HMSO 50p. ISBN 0 10 162080 2.

Companies in 1974. Department of Trade annual report for 1974, which includes details of the department's work in administering the Companies Acts, particularly the Insolvency Service and Companies Investigation Branch. HMSO, 85p. ISBN 0 11 511141 7.

Fisheries of Scotland. Report for 1974. Cmnd 6135. HMSO, 85p. ISBN 0 10 161350 4.

Offshore Equipment. COI, FSI/42.

Energy Conservation. COI, SN5993.

Advisory Council on Energy Conservation. Report to the Secretary of State for Energy. Energy Paper No 3. Department of Energy. HMSO, 80p. ISBN 0 11 410268 6.

Town Traffic in Britain. COI, R5860.

The Fast Breeder Reactor. COI, NST/40.

Code of Practice in the Storage of Radioactive Materials in Transit. Department of the Environment and Department of Employment. HMSO, 42p. ISBN 0 11 580366 8.

The Radiochemical Centre Ltd [TRC]. *Fourth Annual Report.* TRC's group sales increased by 28 per cent to £11·6 million. The value of exports by the parent company in Britain rose to a new record of £6·6 million. The total value of sales to overseas customers (including sales by associate companies overseas) is now approaching £10 million. Important new products (mainly for medical diagnostic use) increased its share of an expanding market.

British Nuclear Fuels Ltd. Fourth Annual Report and Accounts 1974-75. Sales at £83 million increased though trading profit at £9 million was slightly lower. BNF has been reorganised into an Enrichment Division, Fuel Division and Reprocessing Division (also responsible for Calder and Chapelcross nuclear power stations). Two industrial enterprises for the gas centrifuge process have been set up at Capenhurst, Britain and Almelo, Netherlands. British Nuclear Fuels Ltd, Risley, Warrington.

Fast Reactors at Dounreay. It had been recognised that when the 250 MW prototype fast reactor came into operation (see p 436, 1974) it would no longer be necessary to continue operating the small experimental Dounreay Fast Reactor (DFR), which has been in successful operation since 1959. The decision has been taken to close the DFR in October 1976. UKAEA press notice AE.2.75, 18.8.75.

Report of the Government Chemist 1974. The laboratory's largest customer was again HM Customs and Excise for whom nearly 180,000 samples were examined. It is also contributing to reduction of food losses through deterioration, contamination and attack by pests. Tests for use in factories to obtain rapid determination of toxic substances in the air continue to be developed. HMSO, £2. ISBN 0 11 511625 7.

Report of the Coastal Pollution Research Committee of the Water Pollution Research Laboratory. Department of the Environment. HMSO, 65p. ISBN 0 11 750911 6.

Relief Aid. British Emergency Relief Aid to Developing Countries. COI, Factel No 660. August 1975.

British Aid Overseas. An introduction to the Aid programme. Ministry of Overseas Development.

Overseas Development. UK Government report on the First Biennial Review of the International Development Strategy (1975). HMSO, 95p. ISBN 0 11 580168 5.

Cuba. Agreement between Britain and the Republic of Cuba on the Development of Economic and Industrial Co-operation. Cmnd 6173. HMSO, 11p. ISBN 0 10 161730 5.

Social and Cultural Affairs

Census 1971: England and Wales.

Household Composition Tables. Part I (10 per cent sample). Analyses the size and family structure of households. HMSO, £4·55. ISBN 0 11 690499 2.

Household Composition Tables. Part II (10 per cent sample). Analyses the structure of households on the basis of social criteria. Among other things, the analysis indicates regional variations in the social class structure, and contains data on immigrant housing. HMSO, £5·30. ISBN 0 11 690500 X.

Migration Regional Report. Part I (10 per cent sample). Wales. HMSO, £3·30. ISBN 0 11 690504 X.

Census 1971: Scotland. Migration Tables. Part II (10 per cent sample). HMSO, £2·80. ISBN 0 11 491333 1.

Control of Firearms in Britain. COI, SN5991.

Report of the Working Party on Adjudication Procedures in Prisons. The working party recommends that all boards of visitors hearing disciplinary charges against prisoners should adopt and follow a model standard procedure which is set out in detail in the report. HMSO, £1. ISBN 0 11 340578 2.

Central Health Services Council Annual Report for 1974. Reconstituted after health service reorganisation in 1974, the Central Health Services Council continues to advise the Government on matters relating to the National Health Service. HMSO, 50p. ISBN 0 10 024665 6.

Care of Disabled People in Britain. COI, R4972.

Research and Development Work on Equipment for the Disabled 1974. HMSO, 32p. ISBN 0 10 022915 8.

Social Work in Scotland in 1974. Cmnd 6153. HMSO, 65p. ISBN 0 10 161530 2.

Education and Science in 1974. The annual report of the Department of Education and Science. HMSO, 95p. ISBN 0 11 270402 6.

Teachers. Statistics of Education, England and Wales 1973, vol 4. HMSO, £3·65. ISBN 0 11 270358 5.

Fifth Form Girls: their hopes for the future, by Irene Rauta and Audrey Hunt of the Social Survey Division of the Office of Population Censuses and Surveys. A survey carried out on behalf of the Department of Education and Science. HMSO, £3·30. ISBN 0 11 700693 9.

Educating Mentally Handicapped Children. Department of Education and Science Education Pamphlet No. 60. HMSO, 65p. ISBN 0 11 270390 9.

The Whole Curriculum, 13-16. Schools Council Working Paper 53. The report of a working party which has tried to identify problems and principles of curriculum planning to help teachers exercise their own options in this field. Evans/Methuen Educational. £1·50. ISBN 0 423 50220 4.

The Educational System of Scotland. A description of educational institutions in Scotland and of the administration of education. Issued by the Scottish Information Office, New St Andrew's House,

Edinburgh EH1 3TD on behalf of the Scottish Education Department. Free on demand.

Oriental Studies in Britain. COI, R5990.

Race Relations and Immigration, Second Special Report from the Select Committee, Session 1974-75. The next inquiry of the Select Committee on Race Relations and Immigration will be into the West Indian community. The committee will review the problems, including migration to and from the West Indies, arising from their settlement in the United Kingdom and the progress made. HMSO, 11p. ISBN 0 10 025265 6.

Local Authority Housing Management. The Secretary of State for the Environment intends to appoint a Housing Management Adviser to the Department of the Environment and is considering proposals to set up a Housing Management Advisory Group to advise on the practical implications of existing housing policies and the promotion of good practice in public sector housing management. *Hansard,* 6.8.75, written answers, cols 288-9.

Abolition of the Tied Cottage System in Agriculture. A joint consultative document, seeking views on the legislation needed to end the agricultural tied cottage system in England and Wales, published by the Secretary of State for the Environment and the Minister of Agriculture, Fisheries and Food. Obtainable from the Department of the Environment, Room N7/05, 2 Marsham Street, London SW1P 3EB. or the Ministry of Agriculture, Fisheries and Food, Room 702, 83-91 Victoria Street, London SW1A 0HW.

Inner Area Studies: publication of nine reports. Mr Reg Freeson, Minister for Housing and Construction, Department of the Environment, announced on 12 August the publication of nine further Inner Area Study reports (see pp 360, 1972, 297, 1974; and 173):

Lambeth
IAS/LA/6 Housing Stress (45p);
IAS/LA/7 Policies and Structures (65p);
IAS/LA/8 Housing and Population Projections (15p);
IAS/LA/9 Local Services: Consumers Sample (15p);
IAS/LA/10 Poverty and Multiple Deprivation (35p).

Birmingham
IAS/B/4 Interim Review (40p);
IAS/B/5 Small Heath, Birmingham: A Social Survey (£1·60).

Liverpool
IAS/LI/6 Third Study Review (30p);
IAS/LI/7 Work Programme 1975/76 (30p).

Copies may be purchased from the Department of the Environment, Room P2/127, 2 Marsham Street, London SW1P 3EB.

Redevelopment of the London Docklands. Government observations on the Fifth Report from the Expenditure Committee of the House of Commons (see p 248). Cmnd 6193. HMSO, 18p. ISBN 0 10 161930 8.

Conservation of Historic Buildings and Areas. COI, SN5994.

The Civic Trust. COI, SN5365.

Civic Trust Heritage Year Awards. An illustrated report on the special series of awards made by the trust as a contribution towards European Architectural Heritage Year. These differ from the trust's traditional awards in so far as they were limited to work in connection with historic buildings and structures or in designated conservation areas and were concerned solely with the enhancement of Britain's architectural heritage. Civic Trust, 17 Carlton House Terrace, London SW1Y 5AW. £3·50. ISBN 0 900849 75 4.

Grants for Nature Conservation. The Nature Conservancy Council announced the award of 90 grants, amounting to £50,000, to encourage nature conservation by voluntary bodies, local authorities and private individuals. The awards cover a wide variety of projects and are intended to contribute towards the cost of conservation schemes which might not be undertaken or completed without some financial support. Press notice, 11.8.75. Nature Conservancy Council, 19 Belgrave Square, London SW1X 8PY.

Theatre Museum. The Minister for the Arts, Mr Hugh Jenkins, has agreed that the proposed Theatre Museum should be housed in the former Flower Market in Covent Garden, instead of occupying the Fine Rooms in Somerset House as originally proposed. Agreement in principle has been reached between the Department of the Environment and the Greater London Council as owners of the building, on the terms of a lease. The Theatre Museum will be a department of the Victoria and Albert Museum. Department of Education and Science arts press notice, 5.9.75.

The Arts Councils of Great Britain and Northern Ireland. COI, SN5992.

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